October 7, 2014

VIA ECFS

Marlene H. Dortch, Esq.
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

Re: Applications of AT&T Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations, MB Docket No. 14-90
REDACTED – FOR PUBLIC INSPECTION

Dear Ms. Dortch:

Pursuant to the Joint Protective Order in the above-referenced proceeding1 and the instructions set forth in the Commission’s Information and Discovery Request dated September 9, 2014 (“Request”), AT&T Inc. is filing herewith, via ECFS, the redacted public version of the response of AT&T Inc. to that Request (the “Response”).2 Specifically, AT&T Inc. is filing the redacted narrative response and redacted exhibits thereto.

An unredacted Highly Confidential copy of the Response is being hand delivered to your office. Additional copies of the unredacted Response are being delivered to Vanessa Lemmé of the Media Bureau, while hard drives containing the unredacted document production are being delivered to the Commission’s document review vendor for use by the staff.

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1 Applications of AT&T Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations, Joint Protective Order, DA 14-804 (MB rel. June 11, 2014) (“Joint Protective Order”).

2 The FCC initially requested that AT&T respond to the Request by September 23, 2014. AT&T was prepared to submit responses, including the document production, to the Commission on that date. By then, however, the Staff had asked AT&T to defer submission of its responses to the Requests, including the production of documents, pending the Commission’s consideration of the issues subsequently raised in the Public Notice issued on September 26, 2014. Applications of AT&T Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations, Public Notice, DA 14-1406 (MB rel. Sept. 26, 2014).
Please contact me at (202) 942-6608 or Maureen.Jeffreys@aporter.com if you have any questions. Thank you for your assistance.

Respectfully submitted,

Maureen R. Jeffreys
Counsel for AT&T Inc.

Enclosures
Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

Applications of AT&T Inc. and DIRECTV for Consent To Assign or Transfer Control of Licenses and Authorizations

MB Docket No. 14-90

RESPONSE OF AT&T INC. TO INFORMATION AND DISCOVERY REQUESTS DATED SEPTEMBER 9, 2014

October 7, 2014
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Introduction

AT&T Inc. (“AT&T”) provides this response (the “Response”) to the letter dated September 9, 2014, from William T. Lake, Chief of the Media Bureau of the Federal Communications Commission (the “FCC” or the “Commission”), and the Information and Discovery Request for AT&T attached thereto (collectively, the “Request”). In 81 requests (individually referred to herein as “Request No. [#]”), the FCC asks AT&T (sometimes referred to in the Request as the “Company” as defined therein) to provide by September 23, 2014, documents, data, charts, maps, and other information to complete the FCC’s review of the applications of AT&T and DIRECTV for consent to assign or transfer control of certain licenses and authorizations.

Consistent with AT&T’s discussions with the Commission staff, AT&T’s responses are based on a review of available documents that are likely to contain responsive information and inquiry of those individuals and available sources that are likely to have relevant information.

With respect to certain Requests, AT&T has produced materials identified from custodial files through a combination of technology-assisted review, search terms, as detailed in the tables appended as Exhibit A, and human review. With respect to other Requests, AT&T has searched the files within the Company reasonably believed to contain the information sought and produced responsive documents. In certain cases, AT&T does not maintain some of the information requested in the ordinary course of business, or AT&T does not maintain the
information in the precise manner requested. When information was not available for the period of time requested or in the form requested, AT&T has provided the information to the extent possible. Where data are reported in response to this request, these may not be consistent in all respects with official or publicly reported figures.

Where the Request seeks charts, spreadsheets, or similar graphic or tabular information, responsive information is provided in exhibits to the Response, numbered with reference to the specific request (e.g., Exhibit 1.1 responds to Request No. 1). An Index of Exhibits is appended as Exhibit B. Where the Request seeks documents, responsive documents from the files of 37 custodians requested by the Commission staff (and such custodian’s predecessors in their positions during the relevant time period) are produced. Where the Request seeks specific documents, such documents are provided in exhibits to the Response and in the production.

In preparing the documents collected from custodians for production, AT&T deduplicated documents within and across custodians’ files. A description of the deduplication methodology is attached as Exhibit C.

The Request calls for AT&T to submit certain information and documents that are sensitive from a commercial, competitive, or financial perspective, and that AT&T would not reveal in the ordinary course of business to the public or its competitors. AT&T is submitting information and documents on a Confidential and Highly Confidential basis pursuant to the Joint Protective Order for this proceeding that was issued on June 11, 2014. The inadvertent inclusion of any material that is subject to an assertion of the attorney-client, attorney work-product, or other applicable privilege is not intended as a waiver of such privilege.

In accordance with the Request and the Joint Protective Order, in the public version of
the Response, AT&T has redacted Confidential Information and marked the redactions with “[BEGIN [AT&T or DIRECTV] CONFIDENTIAL INFORMATION] . . . [END [AT&T or DIRECTV] CONFIDENTIAL INFORMATION].” AT&T also has redacted Highly Confidential Information and marked the redactions with “[BEGIN [AT&T OR DIRECTV] HIGHLY CONFIDENTIAL INFORMATION] . . . [END [AT&T OR DIRECTV] HIGHLY CONFIDENTIAL INFORMATION].” The redacted Response is marked “REDACTED – FOR PUBLIC INSPECTION” and is being filed electronically in the Commission’s Electronic Comment Filing System (“ECFS”). The Highly Confidential, unredacted Response is marked, “HIGHLY CONFIDENTIAL INFORMATION – SUBJECT TO JOINT PROTECTIVE ORDER IN MB DOCKET NO. 14-90 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION – ADDITIONAL COPYING RESTRICTED” and “CONFIDENTIAL INFORMATION - SUBJECT TO JOINT PROTECTIVE ORDER IN MB DOCKET NO. 14-90 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION.” A copy of the unredacted Response is being delivered to the Secretary, and additional copies are being delivered as instructed in the Request and Joint Protective Order.

Pursuant to discussions with the Commission staff, AT&T is submitting its Response consistent with the following generally applicable modifications:

- Notwithstanding the definition of “Internet Access Service,” AT&T need not provide information or data relating to services delivered over a mobile wireless broadband network in its Response to the Information Request.

- Notwithstanding the definition of “MVPD Service,” AT&T need not provide information or data relating to such services delivered over a mobile wireless
network, including but not limited to the Mobile TV service offered through AT&T’s Mobility organization, in its Response to the Information Request.

- The first sentence of Instruction No. 1 is modified such that, unless otherwise specified, all Information and Data Requests cover the period from January 1, 2012 to July 7, 2014.

- To the extent a Request seeks information for a particular geographic area or areas, AT&T may limit its Response to areas within AT&T’s 22-state ILEC wireline footprint.

- AT&T may exclude from its Response data on business subscribers and business rate plans or packages, except that for AT&T U-verse business customers, for the period June 2013 through June 2014, AT&T will provide the following, by month at the zip code level, and separately for U-verse video service, U-verse Internet access service, and VoIP telephony service:
  - Continuing subscribers
  - Number of new subscribers acquired
  - Number of subscribers that discontinued service
  - Average revenue per customer (to the extent reasonably available)

- With respect to any Request that calls for data to be provided separately by service plan or package, AT&T may instead respond with data at the service level for legacy telephony service (*i.e.*, for legacy telephony as a whole).

In addition to the generally applicable modifications described above, the Commission staff agreed to the following modifications with regard to specific Requests:

- Request No. 1.a. The organizational charts submitted by AT&T on September 15, 2014 sufficiently respond to this Request.

- Request No. 1.c. AT&T’s Response will pertain to agents and representatives relating to the proposed Transaction rather than the development, marketing or sale of any Relevant Service.

- Request No. 4. AT&T will produce the following:
  - Maps in native GIS format depicting, to the extent available in the ordinary course of business, AT&T’s current service areas for (i) U-verse video, (ii) IPDSL
service, (iii) legacy DSL service, (iv) legacy voice service, (v) FTTN service, and (vi) FTTP service.

- A certain set of ordinary course coverage maps by Core Based Statistical Area ("CBSA") depicting areas where AT&T provides U-verse service, and potential areas of expansion within each CBSA.

- The time period for Request Nos. 5.b-g, 6.b-c, and 81, is modified from “January 1, 2012 to June 30, 2014” to “July 1, 2013 to June 30, 2014” for DSL and legacy telephony services only.

- Request Nos. 5.h-j. AT&T need not respond with respect to pricing, promotions, and fees information for legacy telephony services.

- Request Nos. 5, 6, 15, 17-20, and 81. AT&T may rely on service-level subscriber billing information rather than line item subscriber billing information in preparing its Responses as they relate to DSL and legacy telephony services.

- Request No. 11. AT&T may respond solely with respect to MVPD/wireline Internet Access synthetic bundles and resale partnerships, rather than all Relevant Services.

- Request No. 16. AT&T need not respond with respect to subparts (e) or (f).

- Request No. 20. AT&T and Commission staff agree that the following format is mutually acceptable for reporting address data in response to this Request. AT&T agrees to coordinate with DIRECTV such that both parties report address information in the same format.

<table>
<thead>
<tr>
<th>street_addr</th>
<th>city_nm</th>
<th>state_cd</th>
<th>zip_cd</th>
<th>zip_suffix</th>
</tr>
</thead>
<tbody>
<tr>
<td>6570 OLD SMITH HWY</td>
<td>MILTON</td>
<td>FL</td>
<td>32583</td>
<td>7600</td>
</tr>
<tr>
<td>116 OAK ST</td>
<td>WATERBURY</td>
<td>CT</td>
<td>06706</td>
<td>2700</td>
</tr>
</tbody>
</table>

- Request No. 21.h. AT&T’s Response need not include documents related to law enforcement activities.

- Request No. 22.a. AT&T need not respond to subpart (a) of the Request.

- Request Nos. 24 and 25. AT&T need not address mobile wireless broadband services or Video Programming as a Relevant Service covered by these Requests.
• Request No. 27. AT&T will produce certain third-party data files in the native .zip format so that the data are usable.

• Request No. 44. AT&T may describe and submit all documents relating to AT&T’s launch of, or attempt to launch, any Programming Network. AT&T need not respond to the remainder of this Request.

• Request No. 81 - Partnership Agreements Table. To the extent available in the ordinary course of business, AT&T will provide data related to partnership agreements for MVPD/wireline Internet Access Services, but need not include telephony or mobile wireless broadband partnerships.
RESPONSES

1. REQUEST:

   Produce:

   a. one copy of each organization chart and personnel directory in effect since January 1, 2012 for the Company as a whole and for each of the Company’s facilities or divisions involved in any activity relating to any Relevant Service;

RESPONSE:

   AT&T makes its response to Request No. 1.a pursuant to discussions with Commission staff limiting AT&T’s obligation to produce information or documents in response to Request No. 1.a to the organizational charts submitted to the Commission on September 15, 2014.

   b. a list of the name, title, and last known address and telephone numbers of each former and current employee of the Company who has had management-level responsibility for the development, pricing, sales, marketing, or distribution of any Relevant Service; and

RESPONSE:

   Exhibit 1.b.1 contains the name, title, or former title, and contact information of AT&T employees who have or held a title at the level of “Vice President” or higher who have left the company since January 1, 2012 and were part of any group included on the organization charts submitted to the Commission on September 15, 2014.

   c. a list of all agents and representatives of the Company, such as attorneys, consultants, investment bankers, product distributors, and sales agents, retained by the Company in any capacity relating to the Transaction or to the development, marketing, or sales of any Relevant Service (excluding those agents and representatives retained solely in connection with environmental, tax, human resources, pensions, benefits, ERISA, or OSHA issues).

RESPONSE:

   Pursuant to discussions with the Commission staff, AT&T’s response to Request No. 1.c
pertains to agents and representatives relating to the proposed Transaction rather than the development, marketing or sale of any Relevant Service. These include: [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
2. REQUEST:

Identify, in CSV or Excel format, each zip code in which the Company provides MVPD Service, Internet Access Service, or Telephony Service, and for each zip code state:
a. DMA names and numbers associated with the zip code;

b. any internal Company operating entity names and codes associated with the zip code; and

c. the wire centers and distribution areas associated with the zip code, if applicable.

RESPONSE:

Pursuant to discussions with Commission staff, AT&T’s response to Request No. 2 is limited to its 22-state Incumbent Local Exchange Carrier (“ILEC”) wireline footprint.¹

RESPONSE 2.a and 2.c:

The comma-delimited text file entitled Exhibit 2.1 identifies each zip code in which the company provides MVPD Service, Internet Access Service, or Telephony Service, as of September 2014.² The file also reflects the DMA or DMAs, wire centers, and Distribution Areas (“DAs”)³ associated with each zip code, as reflected in AT&T’s records. Some of the requested data are not maintained in the requested form in the ordinary course of AT&T’s business and may be incomplete or contain inaccuracies.

RESPONSE 2.b:

AT&T does not routinely employ internal Company operating entity names and codes associated with particular zip codes.

¹ The AT&T “wireline footprint” refers to AT&T’s ILEC territory, which presently covers portions of 22 states. See AT&T Inc., Annual Report (Form 10-K) at 1 (Feb. 21, 2014). Upon consummation of a pending transaction for the sale of The Southern New England Telephone Company and SNET America, Inc. to Frontier Communications Corp., the AT&T wireline footprint will cover portions of 21 states.

² Exhibit 2.2 contains notes and definitions of terms used in Exhibit 2.1.

³ A DA is an internal measure of geography used by AT&T. A DA is a component part of a wire center comprising an average of 190 customer locations.
3. REQUEST:

For each zip code identified in response to Request 2, for the time period beginning January 1, 2012 to June 30, 2014, describe the Company’s:

RESPONSE:

Pursuant to discussions with Commission staff, AT&T’s response to Request No. 3 is limited to its 22-state ILEC wireline footprint and excludes services delivered over a mobile wireless broadband network. Some of the requested data are not maintained in the requested form in the ordinary course of AT&T’s business and may be incomplete or contain inaccuracies.

a. MVPD Service, including each service tier or programming package offered and the channels (both standard definition and high definition) on each tier or package, including the overall percentage of each DMA that is reached by the particular service tier or programming package;

RESPONSE:

AT&T offers U-verse video service utilizing fiber to the premises (“FTTP”) and fiber to the node (“FTTN”) network architectures and Internet protocol television technology (“IPTV”). For FTTP, fiber optic cable is installed from each serving wire center to the customer premises. For FTTN, fiber optic cable is installed from the Central Office to a local serving area interface cabinet in a customer’s neighborhood.

AT&T offers a variety of video programming packages, including seven English Language video packages, in both standard definition (“SD”) and high definition (“HD”). Those packages range from the U-basic tier, which includes local broadcast channels, up to the U450 tier, which includes more than 470 channels, as well as premium content. U-verse also offers three Latino residential video packages, which range from U200 Latino, with over 350 channels, to U450 Latino, with over 510 channels and premium content.
Exhibit 3.a.1\(^4\) identifies each video programming channel offered by AT&T as of June 2014 and by calendar year since January 2012, by zip code and DMA.\(^5\) Calendar year data are reported as of January. Exhibit 3.a.1 also identifies each video programming package, or packages, in which the channel was available at each point in time. The estimated overall percentage of each DMA that is reached by the programming packages available in that DMA is reported in Exhibit 3.a.4.\(^6\) Additional information about each video programming package identified in Exhibit 3.a.1 can be found in Exhibit 3.a.3.

b. Internet Access Service, including each tier or package offered and the upstream and downstream speed associated with each such tier or package; and

RESPONSE:

AT&T provides Internet Access Service over a variety of transmission technologies and network architectures, including Digital Subscriber Line (“DSL”), Internet Protocol Digital Subscriber Line (“IPDSL”), FTTN, and FTTP. DSL utilizes the telephone network’s existing copper wire, which is connected directly to the Central Office or Remote Terminal. IPDSL uses the network’s existing copper wire to transmit service from the Central Office to the customer premises using ADSL2+ technology. AT&T uses the term “HSIA” or High Speed Internet Access to refer to Internet Access Service provided via IPDSL and/or FTTN and FTTP.

AT&T currently offers residential customers eleven speed tiers of Internet Access Service, which are deployed over a variety of network technologies ranging from DSL to the “AT&T U-verse with GigaPower” service, which is being deployed over the FTTP network.

\(^4\) Exhibit 3.a.2 contains notes and definitions of terms used in Exhibit 3.a.1.

\(^5\) Zip codes associated with more than one DMA are repeated. DMA information is as reflected in AT&T’s records.

\(^6\) In a given DMA, any programming package available in that DMA is available throughout the DMA wherever AT&T MVPD service is available.
Exhibit 3.b.1 and Exhibit 3.b.2 identify the zip codes within AT&T’s wireline footprint where Internet Access Service was available as of June 2014 and by calendar year since January 2012, as well as for September 2014. Exhibit 3.b.1 reflects the availability of Internet Access Service by technology and speed tier for the current period. Exhibit 3.b.2 reflects the availability of Internet Access Service by technology as of June 2014, January 2014, January 2013, and January 2012. Exhibit 3.b.4 contains information on available upload and download speeds by technology and speed tier for each Internet Access Service. Exhibit 3.b.4 also identifies the names of the Internet Access Service packages AT&T offers for each combination of technology and speed tier.

c. Telephony Service.

RESPONSE:

AT&T provides Telephony Service through Voice over Internet Protocol (“VoIP”) and legacy telephony technologies. VoIP is an Internet protocol-based technology that offers the capability to make voice calls using a broadband Internet connection. Legacy telephony is provided using a network architecture that is based on analog technology or time-division multiplexed circuit-switched voice services.

Information on the availability of VoIP and legacy telephony is reported by zip code in Exhibits 3.b.1 and 3.b.2. Data for VoIP and legacy telephony are provided for the current period (Exhibit 3.b.1), as well as for June 2014, January 2014, January 2013, and January 2012 (Exhibit 3.b.2).

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7 Exhibit 3.b.3 contains notes and definitions of terms used in Exhibits 3.b.1 and 3.b.2.
8 The file indicates the download speeds for each available service tier.
4. REQUEST:

Submit all maps, plots, or other visual aids, in electronic format, that depict where the Company or any of its competitors has the ability to offer MVPD Service, Internet Access Service, or Telephony Service.

RESPONSE:

Pursuant to discussions with Commission staff, AT&T’s response to Request No. 4 includes: (a) map files in native GIS format depicting AT&T’s current service areas for (i) U-verse video, (ii) IPDSL service, (iii) legacy DSL service, (iv) legacy voice service, (v) FTTN service, and (vi) FTTP service; and (b) a set of ordinary course coverage maps by Core Based Statistical Area (“CBSA”). In response to Request No. 4, AT&T has provided several sets of files, Exhibits 4.1.1-4.1.219 and in the folder entitled Exhibit 4.2.

Exhibits 4.1.1-4.1.219 are a set of CBSA maps, created in the ordinary course of business, dated June 2014, depicting areas where AT&T provides U-verse service within each CBSA. [BEGIN AT&T CONFIDENTIAL INFORMATION]

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9 A CBSA is a geographic area established by the United States Office of Management and Budget.
10 As described in Response to Request No. 2, subparts a and c.
11 While AT&T provides U-verse service within each green DA, it is not necessarily true that all households in a green DA can get U-verse service. Where U-verse is deployed over FTTP architecture, all customers eligible for U-verse services can receive U-verse video. Where U-verse is deployed over FTTN architecture, there may be some customers who can obtain U-verse Internet access but cannot receive U-verse video due to the distance from the node to their homes. AT&T provides video service over FTTN and FTTP.
The folder entitled Exhibit 4.2 contains six files in native GIS format. These files depict AT&T’s best reasonably available information regarding current service areas for (i) IPDSL service, depicted by the layer “IP_DSL_Deployment_Areas” (ii) DSL service, depicted by the layer “ATM_DSL_Deployment_Areas” (iii) AT&T’s wireline telephony franchise footprint, depicted by the layer “Telco_Franchise_Footprint” (iv) FTTN service without MVPD service, depicted by the layer “FTTN_w_No_IPTV_Deployment_Areas” (v) FTTN service with MVPD service, depicted by the layer “FTTN_with_IPTV_Deployment_Areas” and (vi) FTTP service, depicted by the layer “FTTP_Deployment_Areas.”

Each file contains data for AT&T’s 22-state wireline footprint as of September 2014. The service boundaries for U-verse video can be viewed by combining the layers showing FTTN service with MVPD and FTTP service. The company’s copper-only footprint can be viewed by subtracting each of the other map layers from the layer showing AT&T’s wireline telephony franchise footprint. These GIS data are being submitted as available in the ordinary course of business.

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12 These maps depict service area boundaries. Certain services may not be available to each individual household within the footprint shown.
AT&T’s response to subpart o of Request No. 5 contains data on other Persons who offer services that compete with AT&T’s services.

5. REQUEST:

For each zip code and DMA identified in response to Request 2, and for (i) each MVPD Service tier or programming package; (ii) each Internet Access Service tier or package; and (iii) Telephony Service as a whole, and separately for residential and other customer locations and subscribers, identify separately for each month from January 1, 2012 to June 30, 2014 and produce in CSV or Excel:

Pursuant to discussions with Commission staff, AT&T’s response to Request No. 5 does not include information for business subscribers, plans, or packages, except as expressly set forth below, and AT&T may rely on service-level subscriber billing information rather than line item subscriber billing information in preparing its response as it relates to DSL and legacy telephony services. Some of the requested data are not maintained in the requested form in the ordinary course of AT&T’s business and may be incomplete or contain inaccuracies.

a. the number of customer locations to which the service or package is available;

RESPONSE:

In response to subpart a of this Request, Exhibit 5.a.1 and Exhibit 5.a.2 include available data on the number of eligible living units (“ELUs”)\(^{13}\) that can receive MVPD Service, Internet Access Service, and Telephony Service.\(^{14}\) The data in Exhibits 5.a.1 and 5.a.2 are not provided separately for residential and other customer locations [BEGIN AT&T CONFIDENTIAL INFORMATION]

\(^{13}\) AT&T refers to a “Living Unit” as any location that has an address that can receive Telephony Service, whether or not it has a structure. An “Eligible Living Unit” is a Living Unit where broadband technology has been deployed and broadband services may be provided (broadband-connected locations such as a gates, ATMs, and elevators are excluded).

\(^{14}\) Exhibit 5.a.3 contains notes and definitions of terms used in Exhibits 5.a.1 and 5.a.2.
ELUs of all types are included. Exhibit 5.a.1 includes current ELU data for each MVPD Service in total for each zip code and DMA identified in response to Request No. 2. All service tiers and video programming packages offered by AT&T are available in each zip code in which AT&T offers MVPD Service. Information on availability of specific channels and programming packages in each zip code is provided in Exhibit 3.a.1.

Exhibit 5.a.1 also includes current ELU data by Internet Access Service for each technology (FTTN/FTTP, IPDSL, and DSL) and separately for each Internet Access Service speed tier offered by AT&T. Exhibit 3.b.4 identifies the names of the service packages in which AT&T makes available each combination of technology and speed tier. Exhibit 5.a.1 also provides current availability information for Telephony Service, separately for VoIP and legacy telephony.

For MVPD Service, Exhibit 5.a.2 reports historical ELUs by zip code and DMA on a monthly basis from January 2012 to June 2014. For Internet Access Service, AT&T does not maintain historical ELU data by service tier or package by zip code in the ordinary course of business. Historical ELUs are reported by zip code and DMA in total for each Internet Access

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15 ELUs for MVPD Service are reported on a total basis. Since a customer eligible for MVPD service may receive any of AT&T’s MVPD programming packages, as described in the response to subpart a of Request No. 3, the total ELUs for MVPD also correspond to the ELUs by programming package available in that zip code.

16 Availability of individual channels, such as regional sports networks (“RSNs”) and local network affiliates, can vary by location, as detailed in response to subpart a of Request No. 3.
Service by technology (HSIA, which aggregates FTTN/FTTP and IPDSL, and DSL), on a monthly basis from January 2012 to June 2014. Exhibit 5.a.2 also reports historical ELUs by zip code and DMA for VoIP services and legacy telephony services on a monthly basis from January 2012 to June 2014.

b. the percent penetration for the service or package;

c. the number of new subscribers acquired, and the average revenue per subscriber acquired (or data sufficient to determine those figures);

d. the number of subscribers that discontinued service, and the average revenue per customer lost (or data sufficient to determine those figures);

e. the churn rate;

f. the number of continuing subscribers, and the average revenue per continuing subscriber (or data sufficient to determine those figures);

RESPONSE:

In response to subparts b, c, d, e, and f of this Request, AT&T is providing the attached files Exhibit 5.b.1, Exhibit 5.b.1.1, Exhibit 5.b.2, Exhibit 5.b.3, Exhibit 5.f.1, Exhibit 5.f.2, and Exhibit 5.f.3. Pursuant to discussions with Commission staff, AT&T makes its response to subparts b, c, d, e, and f of Request No. 5 for the months between July 1, 2013 and June 30, 2014 for legacy DSL and telephony, to the extent such data are available.

- MVPD Service

Exhibits 5.b.1, 5.b.2, 5.f.1, and 5.f.3 include available data responsive to subparts b, c, d, e, and f of Request No. 5 for each MVPD Service tier or programming package for each zip code and DMA identified in response to Request No. 2. Exceptions to AT&T’s ability to report data

17 In the ordinary course of business, AT&T does not maintain historical ELU information for Internet Access Service separately for FTTN/FTTP and IPDSL.
at this level are indicated below. Data are also reported for MVPD services in total in order to
capture subscribers for whom the MVPD Service tier or programming package is unknown.\textsuperscript{18}

All MVPD Service tiers and programming packages offered by AT&T are available in each zip
code in which AT&T offers MVPD Service. Information on availability of specific channels and
programming packages in each zip code is presented in Exhibit 3.a.1.

In response to subpart b of this Request, Exhibit 5.b.1 includes data on the percentage of
penetration for MVPD Service from December 2011 to July 2014.\textsuperscript{19} Penetration rates are
calculated using total ELUs, which include both residential and other locations,
\begin{AT&TCONFIDENTIALINFORMATION}
\end{AT&TCONFIDENTIALINFORMATION}

In response to subparts c, d, and e of this Request, Exhibits 5.b.1 and 5.b.2 include data
on the number of new customers acquired, the number of subscribers that discontinued service,
the number of beginning-of-month subscribers, and the churn rate. These Exhibits provide data
on a monthly basis for each MVPD Service tier or programming package, from August 2013 to
July 2014 for residential subscribers (Exhibit 5.b.1), and from July 2013 to June 2014 for other
subscribers (Exhibit 5.b.2). In response to the request in subpart f to provide “the number of
continuing subscribers,” Exhibits 5.b.1 and 5.b.2 also include data on the number of end-of-
month subscribers for each MVPD Service tier or programming package. Exhibit 5.b.1 provides
data for residential subscribers on a monthly basis from December 2011 to July 2014. Exhibit

\textsuperscript{18} Availability of individual channels, such as RSNs and local network affiliates, can vary by location, as detailed in
response to subpart a of Request No. 3.

\textsuperscript{19} Exhibit 5.b.3 contains notes and definitions of terms used in Exhibits 5.b.1, 5.b.1.1, and 5.b.2.
5.b.2 provides data for other subscribers on a monthly basis from June 2013 to June 2014.

In further response to subpart f of Request No. 5, AT&T is providing data on the average revenue per continuing subscriber in Exhibits 5.f.1 and 5.f.3. Data are provided for MVPD Service as a whole, on a monthly basis from January 2012 to June 2014. In the ordinary course of business, AT&T does not maintain this average revenue per subscriber data by MVPD Service tier or programming package. Data are provided separately for residential subscribers (Exhibit 5.f.1) and other subscribers (Exhibit 5.f.3). This type of data on average revenue per subscriber is not maintained by zip code in the ordinary course of AT&T’s business.\(^{20}\) Exhibits 5.f.1 and 5.f.3 report the average revenue per continuing subscriber across the AT&T wireline footprint. Exhibit 5.f.1 also reports this data separately for each of 17 Market Clusters where AT&T offers MVPD Service.\(^{21}\) Exhibit 5.f.2 lists the zip codes in each of the 27 total Market Clusters. AT&T does not maintain data on the average revenue per subscriber acquired or average revenue per customer lost for MVPD Service in the ordinary course of business.\(^{22}\)

- **Internet Access Service**

Exhibits 5.b.1, 5.b.1.1, 5.b.2, 5.f.1, and 5.f.3 include available data responsive to subparts b, c, d, e, and f of Request No. 5 for each Internet Access Service tier or package for each zip code and DMA identified in response to Request No. 2. Exceptions to AT&T’s ability to report data at this level are indicated below. Data are also reported for Internet Access Service in total

\(^{20}\) AT&T is only able to provide data on average revenue per residential subscriber by zip code by relying on customer-level billing data, as is used for the average revenue per subscriber data in Exhibit 5.b.1.

\(^{21}\) In the ordinary course of AT&T’s business, historical revenue data needed to compute average revenue per subscriber are available separately for each of the 27 Market Clusters in the Company’s Mobility division.

\(^{22}\) Additional data on average revenue per subscriber will be included in AT&T’s response to the “Plan Data” table in Request No. 81.
in order to capture subscribers for whom the Internet Access Service tier or package is unknown.

In response to subpart b of this Request, Exhibits 5.b.1 and 5.b.1.1 include data on the percentage of penetration. Exhibit 5.b.1.1 provides current penetration rates for each Internet Access Service speed tier. Exhibit 5.b.1 provides historical penetration rates for HSIA from December 2011 to July 2014, and for DSL from July 2013 to July 2014. AT&T is not able to provide accurate estimates of historical penetration rates by speed tier using data maintained in the ordinary course of business.

In response to subparts c, d, and e of this Request, Exhibits 5.b.1 and 5.b.2 include data on the number of new customers acquired, the number of subscribers that discontinued service, the number of beginning-of-month subscribers, and the churn rate. These Exhibits provide data by zip code and DMA on a monthly basis for FTTN/FTTP and IPDSL, from August 2013 to July 2014 for residential subscribers (Exhibit 5.b.1), and from July 2013 to June 2014 for other subscribers (Exhibit 5.b.2). Exhibit 5.b.1 provides data by zip code and DMA on a monthly basis for DSL from August 2013 to July 2014. Exhibits 5.b.1 and 5.b.2 provide data for each Internet Access Service speed tier.

In response to the request in subpart f to provide “the number of continuing subscribers,” Exhibits 5.b.1 and 5.b.2 also include data on the number of end-of-month subscribers. These Exhibits include data by zip code and DMA on a monthly basis for each speed tier of FTTN/FTTP and IPDSL, from December 2011 to July 2014 for residential subscribers (Exhibit 5.b.1), and from June 2013 to June 2014 for other subscribers (Exhibit 5.b.2). Exhibit 5.b.1 provides data by zip code and DMA for each speed tier of DSL, on a monthly basis from July 2013 to July 2014.
In response to subparts c, d, and f of Request No. 5, Exhibit 5.b.1 provides data on the average revenue per subscriber acquired, average revenue per customer lost, and average revenue per continuing subscriber for DSL. Data are provided on a monthly basis for each DSL speed tier, from August 2013 to July 2014 for average revenue per subscriber acquired and average revenue per customer lost, and from July 2013 to July 2014 for average revenue per continuing subscriber. The average revenue per subscriber data in Exhibit 5.b.1 are not kept in the ordinary course of business, but have been calculated based on subscriber billing information, to the extent reasonably available. Because these calculations are based on billing information rather than booked revenue, they do not reflect certain accounting adjustments that do not appear on customers’ bills. In the ordinary course of business, AT&T does not maintain the data necessary to calculate this metric of average revenue per subscriber for HSIA.

In further response to subpart f, AT&T is providing additional data on the average revenue per continuing subscriber in Exhibits 5.f.1 and 5.f.3. Data are provided on a monthly basis from January 2012 to June 2014. Exhibit 5.f.1 provides data for residential subscribers for FTTN/FTTP, IPDSL, and DSL. Exhibit 5.f.3 provides data for other subscribers for HSIA and DSL. In the ordinary course of business, AT&T does not maintain these data on average revenue per subscriber separately by Internet Access Service tier or package, or by zip code. Exhibits 5.f.1 and 5.f.3 report the average revenue per continuing subscriber across the AT&T wireline

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23 For example, if a customer receives a promotion that includes a cash back offer, [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]
footprint, and Exhibit 5.f.1 also reports this data separately for each of 27 Market Clusters. In
the ordinary course of business, AT&T does not maintain the requested information for average
revenue per subscriber acquired or per customer lost.24

- **Telephony Service**

Exhibits 5.b.1, 5.b.2, 5.f.1, and 5.f.3 include available data responsive to subparts b, c, d,
e, and f of Request No. 5 for Telephony Service for each zip code and DMA identified in
response to Request No. 2. Data are provided separately for VoIP services and for legacy
telephony services. Exceptions to AT&T’s ability to report data at this level are indicated below.

In response to subpart b of this Request, Exhibit 5.b.1 includes data on the percentage of
penetration by zip code. Exhibit 5.b.1 provides penetration rates for VoIP from December 2011
to July 2014, and for legacy telephony from July 2013 to July 2014.

In response to subparts c, d, and e of this Request, Exhibits 5.b.1 and 5.b.2 include data
on the number of new customers acquired, the number of subscribers that discontinued service,
the number of beginning-of-month subscribers, and the churn rate. These Exhibits provide data
by zip code and DMA for VoIP on a monthly basis, from August 2013 to July 2014 for
residential subscribers (Exhibit 5.b.1), and from July 2013 to June 2014 for other subscribers
(Exhibit 5.b.2). Exhibit 5.b.1 provides data by zip code and DMA for legacy telephony on a
monthly basis from August 2013 to July 2014.

In response to the request in subpart f to provide “the number of continuing subscribers,”
Exhibits 5.b.1 and 5.b.2 also include data on the number of end-of-month subscribers. These
Exhibits include data by zip code and DMA for VoIP on a monthly basis, from December 2011

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24 Additional data on average revenue per subscriber will be included in AT&T’s response to Request No. 81.
to July 2014 for residential subscribers (Exhibit 5.b.1), and from June 2013 to June 2014 for other subscribers (Exhibit 5.b.2). Exhibit 5.b.1 provides data on end-of-month subscribers by zip code and DMA for legacy telephony on a monthly basis from July 2013 to July 2014.

In response to subparts c, d, and f of Request No. 5, Exhibit 5.b.1 provides data on the average revenue per subscriber acquired, average revenue per customer lost, and average revenue per continuing subscriber for legacy telephony. Data are provided on a monthly basis from August 2013 to July 2014 for average revenue per subscriber acquired and average revenue per customer lost, and from July 2013 to July 2014 for average revenue per continuing subscriber. The average revenue per subscriber data in Exhibit 5.b.1 are based on billing information rather than booked revenue, and therefore do not reflect certain accounting adjustments that do not appear on customers’ bills. In the ordinary course of business, AT&T does not maintain the data necessary to calculate this metric of average revenue per subscriber for VoIP service.

In further response to subpart f, AT&T is providing additional data on the average revenue per continuing subscriber in Exhibits 5.f.1 and 5.f.3. Data are provided for VoIP and legacy telephony, on a monthly basis from January 2012 to June 2014, separately for residential subscribers (Exhibit 5.f.1) and other subscribers (Exhibit 5.f.3). AT&T does not maintain this average revenue per subscriber data by zip code in the ordinary course of business. Exhibits 5.f.1 and 5.f.3 report the average revenue per continuing subscriber across the AT&T wireline footprint, and Exhibit 5.f.1 also reports this data separately for each of 27 Market Clusters. In the ordinary course of business, AT&T does not maintain this type of information.

25 For VoIP services, data for other subscribers is provided from December 2013 to June 2014. AT&T did not regularly offer VoIP services for business customers before December 2013.
for average revenue per subscriber acquired or per customer lost.26

g. the percentage of the company’s subscribers that Subscribe to: MVPD Service only; Internet Access Service only; Telephony Service only; Internet Access Service and Telephony; MVPD Service and Internet Access Service; MVPD Service and Telephony Service; and MVPD Service and Internet Access Service and Telephony Service;

RESPONSE:

In response to subpart g of this Request, AT&T is providing, in Exhibits 5.g.1 and 5.g.2, for each zip code and DMA identified in response to Request No. 2, data on the percentage of the Company’s subscribers that subscribe to each combination of services described.27 Pursuant to discussions with Commission staff, AT&T’s response to subpart g of Request No. 5 is for the months between July 1, 2013 and June 30, 2014 for DSL and legacy telephony.

In Exhibit 5.g.1, AT&T is providing, for each zip code in AT&T’s wireline footprint, data on the percentage of the company’s customers that subscribe to each combination of MVPD Service, Internet Access Service, and Telephony Service, on a monthly basis from July 2013 to July 2014.28

In Exhibit 5.g.2, AT&T is providing, for each zip code in the IP portion of AT&T’s wireline footprint, data on the percentage of the company’s customers with IP products and combinations of IP products, on a monthly basis from December 2011 to July 2014 for residential subscribers, and from June 2013 to June 2014 for other subscribers. Data are provided for IPTV, HSIA, VoIP, and combinations thereof.

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26 Additional data on average revenue per subscriber will be included in AT&T’s response to Request No. 81.
27 Exhibit 5.g.3 contains notes and definitions of terms used in Exhibits 5.g.1 and 5.g.2.
28 In the ordinary course of business, [BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION].
h. the price of MVPD, Internet Access Service, and Telephony Service if taken separately, the price of the services if taken as part of a bundle and any other terms and conditions of each service or bundle (e.g., term commitments);

RESPONSE:

Pursuant to discussions with Commission staff, AT&T’s response to Request No. 5.h does not include pricing, promotions, and fees for legacy telephony service.

Exhibit 5.h.1 lists prices, one-time charges, and early termination fees (“ETFs”) for each MVPD service tier or programming package, HSIA service tier or package (FTTN/FTTP and IPDSL), and VoIP telephony services as a whole, taken separately or as part of a bundle. The attached Exhibit 5.h.2 lists prices and ETFs for each DSL service tier or package, taken separately or as part of a bundle.

For those prices in effect from January 1, 2012 to June 30, 2014, Exhibit 5.h.1 lists every

[BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]

Exhibit 5.h.1 also contains standard discount rates for all of AT&T’s bundled offerings.

[BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]

Rack Rate is the standard price at which AT&T offers its services absent any discount. The Rack Rate Beginning Date and End Date indicate the time period during which that rack rate was available to subscribers. [BEGIN AT&T CONFIDENTIAL INFORMATION]
ETFs are a contractual term of service applicable to some AT&T services and bundles. The ETF Beginning Date in the Exhibit indicates the dates when the listed ETFs applied to the designated service or bundle. Exhibit 5.h.1 also reports any services, tiers, or packages to which a subscriber must subscribe in order to be able to purchase a designated bolt-on package.

Documents reflecting AT&T’s standard Terms of Service during the relevant period for each relevant service are produced in Exhibits 5.h.3.1-5.h.3.9.

For DSL, Exhibit 5.h.2 reports product types, speed tiers, and package names as well as associated rack rate prices, including from January 1, 2012 through June 30, 2014. Exhibit 5.h.2 also shows the standard rate for DSL Direct when bundled with AT&T wireless telephone service.

i. whether any special price or other promotion was being offered to existing, new or former subscribers for service at that time and, if so, state the special price, the terms upon which it was conditioned (e.g., retention of service for a specified time period), and the number of subscribers who accepted the special offer;

RESPONSE:

Pursuant to discussions with Commission staff, AT&T’s response to Request No. 5.i does not include pricing, promotions, and fees information for legacy telephony service.
In response to subpart i of this Request, AT&T is providing the attached Exhibit 5.i.1.1 - “SOM Promos Master Matrix,” Exhibit 5.i.2.1 - “Bundles Master Matrix,” and Exhibit 5.i.2.2 - “Archive_Bundles Master Matrix_3302014,” which are AT&T documents maintained in the ordinary course of business. These Excel files contain detailed information regarding standalone and bundle promotions that AT&T has offered to customers for MVPD Service, HSIA Service, and VoIP Service, including all promotions offered from January 1, 2012 to June 30, 2014. AT&T also is providing the attached Exhibit 5.i.3.1 - “Connected Communities_CCID Master Matrix,” which is a document maintained in the ordinary course of business that contains detailed information regarding each promotion offered via AT&T’s “Connected Communities” program and also contains information about AT&T’s coupon promotions. The Connected Communities program allows administrators of multi-dwelling units and similar housing arrangements to offer their tenants AT&T services at reduced prices.

AT&T also is providing the attached Exhibit 5.i.1.2 - “SOM Promos MM Key_072514,” Exhibit5.i.2.3 - “Bundles MM Key_072514,” and Exhibit 5.i.3.2 - “Connected Communities_CCID MM Key_072514,” which describe in more detail the columns in the referenced matrix file.

- **Promotions on Standalone Products**

Information on AT&T’s promotional offers for standalone products is contained in Exhibit 5.i.1.1 - “SOM Promos Master Matrix.” Within this file, promotions on
On a given tab in Exhibit 5.i.1.1, More information on the meaning of each column is available in Exhibit 5.i.1.2.

- Coupons
Exhibit 5.i.3.1 contains information about AT&T coupon promotions. Tabs [BEGIN AT&T CONFIDENTIAL INFORMATION]

More information on the meaning of each column is available in Exhibit 5.i.3.2.

- **Promotions for Connected Communities**

Information on AT&T’s promotional offers for Connected Communities is contained in Exhibit 5.i.3.1 - “Connected Communities_CCID Master Matrix.” [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION] More information on the meaning of each column is available in Exhibit 5.i.3.2.
Promotions and Prices for Product Bundles

Exhibit 5.i.2.1 - “Bundles Master Matrix” and Exhibit 5.i.2.2 - “Archive_Bundles Master Matrix_3302014” contain promotional offer data for bundles. These files are identical in structure. The archive file contains all offers that expired before March 30, 2014, while Exhibit 5.i.2.1 contains offers that expired after March 30, 2014. Any promotion-specific details that do not appear in the archive file at Exhibit 5.i.2.2 appear in the current file at Exhibit 5.i.2.1 for the same promotion.

To observe the complete set of information for each promotion, it is necessary to combine the information in two steps. [BEGIN AT&T CONFIDENTIAL INFORMATION]

The second step of reviewing the information about a particular bundle involves linking
the information in the Base tab to the information in the [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION] The Promotions tabs provide additional information about the specific pricing terms associated with the package or bundle and describe promotion terms in a similar format to the tabs discussed above in Exhibit 5.i.1.1. More information on the meaning of each column in the Base and Promotions tabs is available in Exhibit 5.i.2.3.

- Grandfathered Pricing

[BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]

Exhibit 5.i.4 reports the cumulative number of customers that were active between July 2012 and July 2014 that accepted each offer over the entire period during which it was available.

29 The MOB Bundle Promos tab contains detailed information about AT&T wireless (i.e., “Mobility”) bundled products.
“Offer ID” in this file corresponds to the same field in Exhibits 5.h.1, 5.i.1.1, 5.i.2.1, 5.i.2.2, and 5.i.3.1. Where no Offer ID is provided, AT&T has not retained records of acceptance figures for that offer [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION] Exhibit 5.i.4 also indicates the date on which the offer code was first entered into the system. To determine the end date, as well as other information about a promotion, please refer to the rows bearing the corresponding Offer ID number in Exhibits 5.h.1, 5.i.1.1, 5.i.2.1, 5.i.2.2, and 5.i.3.1.

- DSL Promotions

Exhibit 5.i.5.1 contains available data for the DSL introductory pricing offers available from January 1, 2012 through June 30, 2014. These offers may also appear in Exhibit 5.i.5.2. Exhibit 5.i.5.1 displays the length of time an offer was available, and the monthly rate for that promotion. The “Notes” column displays additional information about the promotion, for example, it indicates if the promotion was for a “Lineshare,” which is a combination of DSL and legacy telephony. Any ETF is also shown in the “Notes” column.

Exhibit 5.i.5.2 contains available data on AT&T’s promotional offers for DSL service in AT&T’s wireline footprint, including from January 1, 2012 to June 30, 2014. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] These offers are indicated in Exhibit 5.i.5.2.

Data in this Exhibit include whether the offer was an acquisition offer, a retention offer,
or another kind of offer, the sales channel or channels through which it was available, and the beginning and end dates for the promotion in each channel, as well as a description field for each promotion as reflected in AT&T’s available data. Where an offer is described in the data as “Grandfathered,” customers who accepted the offer while it was active can continue to receive it, but no other customers can do so. The number of subscribers column indicates the number of consumer customers who accepted each offer, to the extent these data are available.

- **Other Bundle Promotions**

Exhibit 5.i.6 contains data on bundle promotions, including from January 2012 to the present, offered to long distance voice customers that reduce the cost of their long distance service if they bundle long distance service with one or two other qualifying services. Qualifying services are U-verse, DSL, HSIA, DIRECTV, DISH (when that service was available through AT&T), and mobile wireless. Exhibit 5.i.7 contains information on reward cards offered to customers who bundle DIRECTV with another qualifying service from August 19, 2012 to the present.

- the total of each other recurring itemized fee paid by a subscriber of each service in addition to the price (e.g., digital video recorder (“DVR”) service, set-top box rental, modem) and a description of each recurring itemized fee, excluding taxes and regulatory charges passed on to the subscriber;

**RESPONSE:**

Pursuant to discussions with Commission staff, AT&T’s response to subpart j of Request No. 5 does not include pricing, promotions, and fees for legacy telephony service.

Exhibit 5.j.1 contains a detailed listing of recurring itemized additional fees associated with MVPD, HSIA (FTTN/FTTP, and IPDSL), and VoIP telephony services. AT&T does not
associate these recurring fees with individual service tiers or programming packages other than as indicated in Exhibit 5.j.1. Exhibit 5.j.1 provides all recurring itemized fees that have been in effect from January 1, 2012 through June 30, 2014.

For each type of recurring itemized expense, Exhibit 5.j.1 [BEGIN AT&T CONFIDENTIAL INFORMATION]
For each type of recurring itemized fee, Exhibit 5.j.1 also identifies the associated “Rack Rate,” [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]

AT&T did not charge recurring itemized fees for its DSL service for the period January 1, 2012 to the June 30, 2014.

k. the per-subscriber acquisition cost;

RESPONSE:

In response to subpart k of this Request, AT&T is providing in Exhibit 5.k.1 data on an acquisition cost for a blended average subscriber in AT&T’s five geographic regions, by type of service and technology, on a monthly basis from January 2012 to June 2014. In the ordinary course of business, AT&T does not maintain data on per-subscriber acquisition cost by zip code. In calculating the cost of acquisition, AT&T includes [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]
AT&T CONFIDENTIAL INFORMATION]. A per-subscriber cost is calculated by summing all of these costs and dividing by the gross number of new subscribers acquired during that month.

Per-subscriber acquisition cost data are provided separately by technology for IPTV, FTTN/FTTP, IPDSL, DSL, VoIP, and legacy telephony services. In the ordinary course of business, AT&T does not maintain data on per-subscriber acquisition cost for individual MVPD Service programming packages or Internet Access Service tiers.

1. the cost per subscriber to the Company of Video Programming;

m. the cost per subscriber to the Company of each channel (both standard and high definition) offered on any of the Company’s MVPD Service tiers or packages;

RESPONSE:

Exhibits 5.l and 5.m.1-4 are CSV and Excel files that contain information responsive to subparts l and m of Request No. 5. With certain exceptions discussed below, AT&T’s cost per subscriber for each channel [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

For these channels, Exhibit 5.m.1 provides the cost per subscriber, for

31 The Exhibit provided in response to these Requests reflect AT&T’s best efforts to conform the information AT&T maintains in the ordinary course of business to the ways in which the data were requested.

32 The Exhibit provides the channel call letters and descriptive names as maintained in AT&T’s systems.

33 The per subscriber cost is equal to the total fee paid divided by the average number of subscribers for each month. The average number of subscribers is equal to the average of the number of subscribers at the end of each month and at the end of the previous month. Where a channel has both an East and West coast feed, the average subscriber count is the combined number of unique subscribers to the East and West coast feeds. The same approach was used for HD feeds. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
each month from January 2012 to June 2014. Exhibit 5.m.2 provides, by month, the zip codes and DMAs in which AT&T’s MVPD services were available from January 2012 to June 2014. These Exhibits together provide the cost per subscriber to AT&T of acquiring MVPD services, for each by zip code and DMA.

For certain channels, AT&T’s cost per subscriber varies by zip code, and these costs are reported in Exhibit 5.m.3 and Exhibit 5.m.4. First, the in-market feeds of regional sports networks (“RSNs”) [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] Exhibit 5.m.3 provides, by zip code and DMA, AT&T’s per subscriber cost for these channels for each month from January 2012 through June 2014.34 Second, each local broadcast station is provided in only a portion of AT&T’s MVPD footprint. Exhibit 5.m.4 provides the per subscriber costs for these channels, by zip code and DMA, for each month from January 2012 through June

34 In addition to traditional RSNs, this RSN classification includes the [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
2014.  

AT&T [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] many of the channels listed in these Exhibits. For example, AT&T may purchase a bundle of channels from the same supplier and, in such instances, AT&T’s [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

CONFIDENTIAL INFORMATION]

[HIGHLY CONFIDENTIAL INFORMATION]

Exhibit 5.1 provides AT&T’s response to subpart 1 of Request No. 5. This Exhibit uses the cost per subscriber for each channel provided in Exhibits 5.m.1-4 to compute the cost per subscriber, by package, by zip code and by DMA, for each month from January 2012 to June 2014.  

35 Information related to AT&T’s VOD and PPV request is provided in response to Request Nos. 7 and 8, and thus are not reflected in Exhibits 5.m.1-4.

36 [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
n. the value of each additional subscriber to the Company, including a description of how the Company arrived at that value; and

RESPONSE:

AT&T currently estimates, in the ordinary course of business, the “Lifetime Value” or “LTV” of customers for MVPD Service, Internet Access Service, and Telephony Service, on a quarterly basis. In Exhibit 5.n.1, AT&T is providing LTV estimates and underlying input data on a quarterly basis from first quarter 2012 to second quarter 2014. [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION] Because LTVs are forward-looking estimates, they are subject to risks and uncertainties, which could cause actual values to differ from those anticipated. LTV estimates are based on the assumptions discussed below and are calculated based on the information available to AT&T at the time of estimation. Data and estimates underlying these ordinary course LTV estimates may differ from actual or official AT&T results and data, including as to revenues, costs, pricing, or churn.

AT&T calculates LTVs at certain product levels. [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION] Within AT&T’s Internet Access Service, the Company calculates LTVs [BEGIN AT&T CONFIDENTIAL INFORMATION]
Within AT&T’s Telephony Service, the Company calculates LTVs. AT&T also calculates LTVs for.

LTV estimates are not calculated for in the ordinary course of business. LTVs reflect AT&T’s internal estimate of the value of the next customer for a product or product set.

Exhibit 5.n.1 reflects the inputs with which AT&T estimates LTV values.

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37 AT&T does not rely upon LTV estimates.

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All inputs to LTV estimates are based on the revenue, expense, and churn expectations for a new customer as of the time the estimate was prepared.

The revenue and expense elements of AT&T’s LTV calculation are divided into recurring and non-recurring. Non-recurring revenue includes revenue streams associated [BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION]. Non-recurring expenses include costs incurred by AT&T associated [BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION]. Based on the estimated non-recurring revenue and expenses, AT&T calculates [BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION].

The recurring revenue included in AT&T’s LTV calculations is based on [BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION]. Recurring revenue is based on [BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION].
Recurring expenses reflect recurring expenses may include.

AT&T’s LTV estimate for customers of the product or products included in the LTV
estimate is [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

AT&T also calculates a [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION] described above.

0. each other Person who offers services that compete with the service or package.

RESPONSE:

Exhibit 5.0.1 identifies by zip code the cable providers that offer MVPD Service within each of the zip codes listed in response to Request No. 2. These data are limited by the information that is reasonably available to AT&T on a zip code basis, derived from third-party data [BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION], and should not be considered exhaustive. AT&T is producing additional responsive documents, reflecting locations and offerings of cable service providers as part of its document production, as well as analyst reports (specifically [BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION])

38 [BEGIN AT&T CONFIDENTIAL INFORMATION]
39 [END AT&T CONFIDENTIAL INFORMATION]

39 Note that these other providers may not necessarily offer service to the same households as AT&T. Availability of service can vary from area to area within a given zip code.
CONFIDENTIAL INFORMATION] data. Otherwise, AT&T does not maintain data on the specific services offered by each provider in each zip code, although AT&T assumes that cable providers offer a variety of packages and bundles of all three major categories of services (MVPD, Internet Access, and Telephony) everywhere they operate. Further, the data presented reflect whether a particular cable provider offers relevant services in a zip code where AT&T also provides relevant services. The data do not reflect whether a cable provider offers relevant services to the same locations as AT&T or other cable providers offering services within a given zip code.

Exhibit 5.o.2 provides information from third party data on competitive local exchange carriers (“CLECs”) that provide services in the zip codes within AT&T’s wireline footprint. Exhibit 5.o.2 also relies on third party data to identify the fiber carriers that provide services in the zip codes within AT&T’s wireline footprint. AT&T lacks data on the specific services offered by each CLEC or fiber carrier in each zip code, although, as to fiber in particular, AT&T assumes that fiber carriers likely offer a variety of packages and bundles of all three major categories of services (MVPD, Internet Access, and Telephony) everywhere they operate. Because the identification of CLEC providers and fiber carriers is based on third party data, AT&T cannot exclude the possibility that the data are inaccurate or incomplete.

Direct Broadcast Satellite providers DIRECTV and DISH offer MVPD Services nationwide, including in geographic areas where the company offers MVPD Services. In addition, OVD providers also offer MVPD Services across all AT&T service areas. See Exhibit 5.o.3 for a nonexhaustive list of OVD providers.

AT&T does not have or maintain historic data on a zip code basis reflecting the presence
of third party MVPD Service, Internet Access Service or Telephony Service in its wireline footprint.

6. REQUEST:

For the Company state, separately for each month from January 1, 2012 to June 30, 2014:

Pursuant to discussions with Commission staff, AT&T’s response to Request No. 6 does not include information for business subscribers except as expressly provided below, and AT&T may rely on service-level subscriber billing information rather than line item subscriber billing information in its response as it relates to DSL and legacy telephony services. Some of the requested data are not maintained in the requested form in the ordinary course of AT&T’s business and may be incomplete or contain inaccuracies.

a. the number of customer locations at the end of the month for which MVPD Service, Internet Access Service and Telephony Service is available, separately for each service and separately for residential and other customer locations;

RESPONSE:

In response to subpart a of this Request, AT&T is providing data on the total number of ELUs that can receive MVPD Service, Internet Access Service, and Telephony Service, on a monthly basis from January 2012 to June 2014, in Exhibit 6.a.1. ELUs for Telephony Service are provided separately for VoIP and legacy telephony. ELUs are not provided separately for residential and other customer locations [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION].

b. the number of subscribers to Standalone Services and Bundled Services at the end of the month, separately for residential and other subscribers;
RESPONSE:

In response to subpart b of this Request, Exhibits 6.b.1 and 6.b.2 provide available data on the number of subscribers to Standalone and Bundled Services. Pursuant to discussions with Commission staff, AT&T’s response to subpart b of Request No. 6 includes data for the months between July 1, 2013 and June 30, 2014 for DSL and legacy telephony services.

In Exhibit 6.b.1, AT&T is providing data on the number of subscribers to each of the Company’s Standalone Services and Bundled Services, on a monthly basis from July 2013 to July 2014.

In Exhibit 6.b.2, AT&T is providing data on the number of the Company’s customers with IP products who subscribe to each of the Company’s IP Standalone Services and Bundled Services of IP products, on a monthly basis from December 2011 to July 2014 for residential subscribers, and from June 2013 to June 2014 for other subscribers.

c. the number of subscribers beginning a subscription or terminating a subscription to MVPD Service, Internet Access Service, or Telephony Service during the month, separately for each service and separately for residential and other subscribers;

RESPONSE:

In response to subpart c of this Request, AT&T is providing data on the number of subscribers beginning or terminating a subscription to MVPD Service, Internet Access Service, or Telephony Service, in Exhibit 6.c.1. Pursuant to discussions with Commission staff, AT&T’s response to subpart c of Request No. 6 covers the time period for the months between July 1, 2013 and June 30, 2014 for DSL and legacy telephony.

40 Data are provided separately for customers who subscribe to the following combinations of IP products: IPTV only; HSIA only; VoIP only; IPTV and HSIA; IPTV and VoIP; HSIA and VoIP; and IPTV, HSIA, and VoIP.
For MVPD Service, Exhibit 6.c.1 provides data on a monthly basis from January 2012 to July 2014 for residential subscribers, and from July 2013 to June 2014 for other subscribers. For Internet Access Service, Exhibit 6.c.1 provides data from January 2012 to July 2014 for residential subscribers to IP products, from August 2013 to July 2014 for DSL, and from July 2013 to June 2014 for other subscribers to HSIA services. For Telephony Service, Exhibit 6.c.1 includes data from January 2012 to July 2014 for residential subscribers, from August 2013 to July 2014 for residential legacy telephony subscribers, and from July 2013 to June 2014 for other subscribers to VoIP services.

**d. the average revenue per subscriber to Standalone Services and Bundled Services at the end of the month, separately for residential and other subscribers; and**

**RESPONSE:**

In response to subpart d of this Request, AT&T is providing data on the average revenue per subscriber to Standalone Services and Bundled Services, on a monthly basis from July 2013 to July 2014, in Exhibit 6.d.1. In the ordinary course of business, AT&T does not maintain data on average revenue per subscriber separately for each of the Company’s Standalone Services and Bundled Services for periods before July 2013. The data in Exhibit 6.d.1 are based on billing information rather than booked revenue, and therefore lack certain accounting adjustments that do not appear on customers’ bills, as discussed in response to subparts b-f of Request No. 5.

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41 For non-residential subscribers, Exhibit 6.c.1 includes not only those subscribers who are beginning or terminating a subscription to the Company’s HSIA Internet Access Service, but also those subscribers who are changing between a subscription to HSIA and a subscription to DSL.

42 For non-residential subscribers, Exhibit 6.c.1 includes not only those subscribers who are beginning or terminating a subscription to the Company’s VoIP Telephony Service, but also those subscribers who are changing between a VoIP subscription and a legacy telephony subscription.
In further response to subpart d of Request No. 6, Exhibits 5.f.1 and 5.f.3 provide additional data on average revenue per subscriber, on a monthly basis from January 2012 to June 2014. Exhibit 5.f.1 provides data for residential subscribers, separately for IPTV, FTTN/FTTP, IPDSL, DSL, VoIP, and legacy telephony services. Exhibit 5.f.3 provides data for other subscribers, separately for IPTV, HSIA, DSL, VoIP, and legacy telephony services. In the ordinary course of business, AT&T does not maintain this average revenue per subscriber data separately for each of the Company’s Standalone Services or Bundled Services.

e. the total cost of Video Programming carried on the Company’s MVPD Service.

RESPONSE:

Exhibit 6.e is an Excel file that contains information responsive to this Request. This Exhibit provides, by month from January 2012 through June 2014, AT&T’s total cost of Video Programming carried by AT&T’s MVPD service.43

7. REQUEST:

For the Company, state, and produce in CSV or Excel format, separately for every subscription Video-on-Demand (VOD) service offered by the Company, and for every month from January 1, 2012 to June 30, 2014:

a. the number of subscribers at the end of the month, separately for residential and other subscribers;

b. the number of subscribers that added the service, separately for residential and other subscribers;

43 [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] This Exhibit does not include the costs of VOD or PPV, which are provided in response to Request Nos. 7 and 8.
c. the number of subscribers that dropped the service, separately for residential and other subscribers;

d. total subscription revenue, separately for residential and other subscribers;

e. the total cost of Video Programming carried on the Company’s MVPD Service that is made available for subscription VOD; and

f. the total number of hours viewed, separately for residential and other subscribers.

RESPONSE:

Exhibit 7.a-f is an Excel file that contains information responsive to Request Nos. 7.a-f.44 This Exhibit provides, for each subscription VOD service offered by AT&T, by month from January 2012 through June 2014, the total number of subscribers at the end of the month, the number of subscribers that added the service, the number of subscribers that dropped the service,45 the total subscription revenue, the total cost,46 and the total number of hours viewed.47

44 The Exhibit provided in response to these Requests reflect AT&T’s best efforts to conform the information AT&T maintains in the ordinary course of business to the ways in which the data were requested.

45 [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

46 [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

47 The data provided for the number of hours viewed [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
AT&T offers subscription VOD services only to residential subscribers.

8. REQUEST:

For the Company, state, separately for the Company’s paid VOD, free VOD and Pay Per View (PPV) services, for every month from January 1, 2012 to June 30, 2014:

a. the number of subscribers that used the service at least once, separately for residential and other subscribers;

b. the total revenues generated by subscribers, separately for residential and other subscribers, if applicable;

c. the total number of hours viewed, separately for residential and other subscribers; and

d. the total cost of Video Programming carried on the Company’s MVPD Service that is made available for paid VOD, free VOD and PPV services.

RESPONSE:

Pursuant to discussions with Commission staff, AT&T’s response to this Request does not include information separately for business subscribers except as expressly provided below.

Exhibit 8.a-d is an Excel file that contains information responsive to Request Nos. 8.a-d. This Exhibit provides, separately for paid VOD, free VOD, and PPV, by month from January 2012 through June 2014, the number of subscribers that used the service at least once, the number of hours viewed, total costs, and, for paid VOD and PPV services, total costs.

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48 The Exhibit provided in response to these Requests reflect AT&T’s best efforts to conform the information AT&T maintains in the ordinary course of business to the ways in which the data were requested.

49 The data provided for the number of hours viewed for paid VOD and free VOD services [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

50 To provide the cost data at the level of detail requested, [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
9. REQUEST:

For the Company’s OVD service available to its MVPD Service subscribers (e.g., TV Everywhere) state, for every month from January 1, 2012 to June 30, 2014:

a. the percentage of the Company’s MVPD Service subscribers that view Video Programming via the service, separately for residential and other subscribers;

b. the total number of hours viewed, separately for residential and other subscribers; and

c. the total cost of video distribution rights.

RESPONSE:

Exhibit 9 is an Excel file that contains information responsive to Request Nos. 9.a-b. By agreement with the FCC, the data provided in response to both 9a and 9b is limited to AT&T’s residential subscribers only. The Exhibit provides the percentage of AT&T’s residential U-verse TV subscribers that viewed AT&T’s TV Everywhere service by month from January 1, 2012 to June 30, 2014;52 and the total hours viewed by authenticated, residential AT&T U-verse TV

51 AT&T’s paid VOD and PPV services are offered only to residential customers. Free VOD services are available to both residential and business customers, and the data are reported in aggregate.

52
subscribers and separately non-authenticated users, who may be either AT&T U-verse TV
subscribers who did not login or non-subscribers,\(^{53}\) by month from January 1, 2012 to June 30,
2014 subject to the limitation identified in footnote 73.\(^ {54}\)

With respect to Request No. 9.c, [BEGIN AT&T HIGHLY CONFIDENTIAL
INFORMATION]

\[\text{[END AT&T HIGHLY CONFIDENTIAL
INFORMATION]}\]

10. REQUEST:

List every Person that the Company has entered into an agreement to offer, during the
period from January 1, 2012 to June 30, 2014, Synthetic Bundles using another
Person’s MVPD Service and the Company’s Internet Access Services. For each
agreement listed:

\[\text{[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]}\]

\[\text{[END AT&T HIGHLY CONFIDENTIAL INFORMATION]}\]

\(^{53}\) In addition, the figure for the total hours of TV Everywhere services viewed by authenticated, residential AT&T
U-verse for [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

\[\text{[END AT&T HIGHLY CONFIDENTIAL INFORMATION]}\]
a. provide a copy of the agreement;

b. state the term of the agreement and, if applicable, when the agreement was terminated and the reasons for the termination;

c. describe for each agreement (i) the discount available to subscribers that purchase the Synthetic Bundle; (ii) the revenue split between Company and the other party; (iii) any limitations on the availability of the Synthetic Bundle to the Company’s customers or the other party’s customers based on the technology used to serve the customer, whether the customer is residential or non-residential, the geographic location of the customer, or any other characteristics of the customer; (iv) the method of the billing the services; (v) the method of installing the services (e.g., one installation visit, timing of installation, etc.); and (vi) the nature and amount of any commissions provided to the Company or the other party; and

RESPONSE:

Since January 1, 2012, AT&T has had in place contracts with DIRECTV and Dish under which AT&T could resell DIRECTV or Dish MVPD Service and DIRECTV and Dish could resell AT&T’s Internet Access Services. Copies of these contracts are attached as Exhibit 10.1. A chart summarizing the terms of these agreements is attached as Exhibit 10.2.

AT&T and DIRECTV entered into a Direct Broadcast Satellite Agreement effective September 25, 2008 (the “2008 DBS Agreement”), governing AT&T’s sales of DIRECTV’s MVPD Service. The parties subsequently executed an amended Direct Broadcast Satellite Agreement effective October 14, 2011 (the “2011 DBS Agreement”), which extended the terms of the 2008 DBS Agreement.

In 2009, AT&T and DIRECTV entered into a Marketing & Services Referral Agreement (the “2009 MSRA”) effective October 1, 2009 through May 30, 2013, governing DIRECTV’s sales of AT&T’s Internet Access Services. In 2013, AT&T and DIRECTV entered into an
amended Marketing and Service Referral Agreement (the “2013 MSRA”), which modified terms applicable to the arrangement.

In December 2006, AT&T and Dish Network executed a Marketing & Services Referral Agreement (the “Dish MSRA”), which was renewed effective July 19, 2012. The Dish MSRA governed Dish’s sales of AT&T’s Internet Access Services. In May 2014, [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

(i) the discount available to subscribers that purchase the Synthetic Bundle;

AT&T-DIRECTV Synthetic Bundle

AT&T-DIRECTV Synthetic Bundle customers are eligible for at least two discounts. The first is a $5.00 per month discount for customers who opt to receive a joint bill for both services from AT&T. This discount is applied to the AT&T portion of the bill and remains for the lifetime of the Synthetic Bundle relationship. The second is DIRECTV’s “$10 for 12” discount. This discount reduces the price of the DIRECTV video portion of the bill by $10.00 per month for the first twelve months of the relationship. AT&T and DIRECTV will also occasionally offer additional promotions or discounts such as gift cards or package discounts.

AT&T-Dish Synthetic Bundle

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
(ii) the revenue split between Company and the other party;

**AT&T-DIRECTV Synthetic Bundle**

Subject to the commission structure described below, for each sale of a Synthetic Bundle by either party, [BEGIN AT&T & DIRECTV HIGHLY CONFIDENTIAL INFORMATION]

**AT&T-Dish Synthetic Bundle**

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

(iii) any limitations on the availability of the Synthetic Bundle to the Company’s customers or the other party’s customers based on the technology used to serve the customer, whether the customer is residential or non-residential, the geographic location of the customer, or any other characteristics of the customer;

**AT&T-DIRECTV Synthetic Bundle**

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55 Dish MSRA, §§ 2.1.7, 2.3.1.
The Synthetic Bundle is available to any customer inside AT&T’s 22-state IP-DSL footprint, including the U-verse footprint. In some cases, due to building configurations or restrictions, certain customers may be unable to install a DIRECTV satellite dish on their premises. Also, due to technological or infrastructure issues, some AT&T customers may not be able to receive all available speeds of AT&T broadband.

(iv) the method of the billing the services;

**AT&T-DIRECTV Synthetic Bundle**

Synthetic Bundle customers are billed separately by AT&T and DIRECTV for each party’s respective service. However, customers who purchase the DIRECTV MVPD services through AT&T may elect to receive a single bill for both services from AT&T. Due to substantial technology limitations at DIRECTV, that option is not available for customers who purchase AT&T Internet services through DIRECTV.

**AT&T-Dish Synthetic Bundle**

AT&T is solely responsible for billing for AT&T-Dish Synthetic Bundle customers. Customers receive one monthly bill from AT&T covering services from both AT&T and Dish.

(v) the method of installing the services (e.g., one installation visit, timing of installation, etc.); and

**AT&T-DIRECTV Synthetic Bundle**

AT&T and DIRECTV are separately responsible for installation of each party’s
respective service. Thus, two installation visits are required. The parties attempt to coordinate installation so that both services are installed on the same day, but this is rarely feasible.

**AT&T-Dish Synthetic Bundle**

AT&T and Dish are separately responsible for installation of each party’s respective service. Thus, two installation visits are required. The parties attempt to coordinate installation so that both services are installed on the same day, but this is rarely feasible.

**(vi) the nature and amount of any commissions provided to the Company or the other party;**

*Commissions between AT&T and DIRECTV*

The 2009 MSRA between AT&T and DIRECTV provided [BEGIN AT&T & DIRECTV HIGHLY CONFIDENTIAL INFORMATION]

56 2009 MSRA, § 2.8.1 and Appendix 1.9.

[END AT&T & DIRECTV HIGHLY CONFIDENTIAL INFORMATION]

In 2013, AT&T and DIRECTV negotiated and entered into the 2013 MSRA, which

[BEGIN AT&T & DIRECTV HIGHLY CONFIDENTIAL INFORMATION]
The 2011 DBS Agreement also provides for [BEGIN AT&T & DIRECTV HIGHLY CONFIDENTIAL INFORMATION]

The 2011 DBS Agreement also provides for [BEGIN AT&T & DIRECTV HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T & DIRECTV HIGHLY CONFIDENTIAL INFORMATION]

57 2013 MSRA, Appendix § 2.8.1.
HIGHLY CONFIDENTIAL INFORMATION

Commissions between AT&T and Dish

The Dish MSRA provides for the following commissions for each Dish sale of AT&T Internet Access Service or telephone service:59

58 2008 DBS Agreement, §§ 11.1 (a)-(f).
59 Dish MSRA, 4th Amendment, Exhibit 2, Supplemental Appendix 2.
[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

d. produce all documents relating to the agreements identified in response to this Request.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

11. REQUEST

In addition to the agreements identified in Request 10, identify any agreements the Company entered into or considered entering into for (i) the Company to provide any Relevant Service using the facilities of another Person, including any agreement to sell the Relevant Service of another Person (e.g., on an agency basis); or (ii) any other Person to provide any Relevant Service using the facilities of the Company, during the period from January 1, 2012 to June 30, 2014. For each such agreement:

a. provide a copy of the agreement;

b. state the term of the agreement and, if applicable, when the agreement was terminated and the reasons for the termination;

RESPONSE:

Since January 1, 2012, AT&T entered into contracts with several different entities that authorized those entities to sell AT&T’s Internet Access Services. A chart summarizing the effective terms of those contracts is attached as Exhibit 11.1. Copies of those contracts are attached as Exhibit 11.2. In addition, AT&T entered into the DBS contracts with DIRECTV, described above, that allowed AT&T to sell DIRECTV’s MVPD Service.

AT&T considered, but did not enter into [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
12. REQUEST:

Produce all documents relating to the reasons subscribers (a) began a subscription with the Company for MVPD Service, Internet Access Service, or Telephony Service and whether the subscriber switched from a different provider and, if so, the identity of the previous provider; and (b) ended a subscription with the Company for MVPD Service, Internet Access Service, or Telephony Service, and whether the subscriber switched to a new provider, and if so, the identity of the new provider.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

13. REQUEST:

Produce all documents relating to:

a. diversion ratios, diversion rates, customer switching, porting, customer losses, and cross-elasticities of demand or similar measures between a Relevant Service provided by the Company and any Relevant Service provided by competitors;

b. elasticities of demand, price sensitivity, willingness to pay, or similar measures, for any Relevant Service provided by the Company or its competitors;
c. measures of upward pricing pressure, including gross upward pricing pressure
indices (GUPPIs) and net upward pricing pressure indices (NUPPIs) for any
Relevant Service provided by the Company and a Relevant Service provided by
a competitor; and

d. the role of switching costs, customer inertia, and any other impediments to
subscribers switching providers of any Relevant Service.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

14. REQUEST:

For subscribers to the Company’s Internet Access Service that do not purchase MVPD
Service from the Company, produce all documents relating to whether these
subscribers subscribe to another provider’s MVPD Service, the identity of the provider
of MVPD Service, or the subscribers’ reasons for choosing this provider.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

15. REQUEST:

For each month, since January 1, 2014, for customers who are subscribers to the
Company’s Standalone Services or Bundled Services, by month of tenure with their
current plan, state, and provide in CSV or Excel format:

Pursuant to discussions with Commission staff, AT&T’s response to Request No. 15 does
not include information for business subscribers and AT&T may rely on service-level subscriber
billing information rather than line item subscriber billing information in preparing its response
as it relates to DSL and legacy telephony services. Some of the requested data are not
maintained in the requested form in the ordinary course of AT&T’s business and may be
incomplete or contain inaccuracies.
a. the number of subscribers as of the last day of the month;

RESPONSE:

Exhibit 15.1 provides responsive data on the number of subscribers to each of the Company’s Standalone Services and Bundled Services, on a monthly basis from January 2014 to July 2014. The data in Exhibit 15.1 are provided by the customers’ month of tenure on their current plan, where a plan is defined as a particular combination of MVPD Service programming package, Internet Access Service speed tier (for HSIA only) or technology (for DSL), and/or VoIP or legacy telephony service. For DSL and legacy telephony services, AT&T does not maintain data on individual customers’ plan start and stop dates in the ordinary course of business. AT&T does maintain data on when each customer first purchased DSL service or first purchased legacy telephony service, and these data have been used to calculate customers’ month of tenure for those customers who purchased a legacy product or products.

b. the average revenue per subscriber;

RESPONSE:

Exhibit 15.1 provides responsive data on average revenue per subscriber for each of the Company’s Standalone Services and Bundled Services, on a monthly basis from January 2014 to July 2014. The data on average revenue per subscriber are based on billing information rather than booked revenue, and therefore do not reflect certain accounting adjustments that do not appear on customers’ bills, as discussed in response to subparts b-f of Request No. 5. Exhibit 15.1 provides data by the customers’ month of tenure on their current plan, where a plan is defined as a particular combination of MVPD Service programming package, Internet Access
Service speed tier (for HSIA only) or technology (for DSL), and/or VoIP or legacy telephony service.

c. the total number of disconnects from the service plan initiated either by the subscriber or the Company in the month;

d. the number disconnects from the service plan initiated by the Company for non-payment or other reasons in the month;

e. the number of mover disconnects from the service plan initiated by the subscriber in the month; and

f. the number of other disconnects from the service plan initiated by the subscriber in the month.

RESPONSE:

Exhibit 15.1 provides responsive data for disconnects to each of the Company’s Standalone Services and Bundled Services, on a monthly basis from January 2014 to July 2014. Data are provided both for total disconnects and separately for Company-initiated disconnects, mover disconnects, and other subscriber-initiated disconnects. Exhibit 15.1 provides data by the customers’ month of tenure on their current plan, where a plan is defined as a particular combination of MVPD Service programming package, Internet Access Service speed tier (for HSIA only) or technology (for DSL), and/or VoIP or legacy telephony service.

16. REQUEST:

For each Relevant Service, identify each electronic or other database or data set used or maintained by the Company at any time after January 1, 2012, without regard to

60 A customer is considered to have disconnected if the customer subscribed to a service in the previous month but did not subscribe to any package or tier of that service in the following month. Disconnects do not include customers who change their service package or tier.

61 The sum of Company-initiated disconnects, mover disconnects, and other subscriber-initiated disconnects may not equal the total disconnects reported, because in the ordinary course of business the Company does not maintain data on the type of disconnect for all disconnecting subscribers. Exhibit 15.1 contains an additional column that reports disconnecting subscribers for whom the type of disconnect is unknown.
custodian, that contains information concerning the Company’s (a) sales; (b) prices; (c) margins; (d) costs, including but not limited to programming costs, distribution costs, standard costs, expected costs, and opportunity costs; (e) patents or other intellectual property; (f) research or development projects; (g) licensing of Video Programming; (h) subscribers; (i) subscriber switching; (j) market shares; and (k) network performance.

For each such database, identify (i) the database type, (i.e., flat, relational, or enterprise); (ii) the size in both number of records and bytes of information; (iii) the fields, query forms, and reports available or maintained; and (iv) any software product or platform required to access the database.

RESPONSE:

The table below provides the information requested for AT&T’s most relevant databases or data sets that contain information regarding sales, prices, margins, costs, subscribers, subscriber switching and network performance. The table below identifies and describes the relevant databases, the size and type of each database, and the software product required to access each database. Exhibits 16 through 16.8 provide data dictionaries which identify the fields of each database.

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62 AT&T does not maintain in the ordinary course of business databases that contain information for each Relevant Service regarding [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
17. REQUEST:

Provide, for March 2014, the following subscriber billing data files that were submitted by the Company on July 17, 2014 in support of the Application: BEGIN HIGHLY CONFIDENTIAL***

***END HIGHLY CONFIDENTIAL Include the modifications listed below along with accompanying data dictionaries that provide a description of each field and code
RESPONSE:

Pursuant to discussions with Commission staff, AT&T’s response to Request No. 17 excludes data on business subscribers and business rate plans or packages, subject to certain exceptions, is consistent with limits on the information AT&T is required to report for its 22-state ILEC wireline footprint, does not report information or data related to services delivered over a mobile wireless broadband network, and AT&T may rely on service-level subscriber billing information rather than line item subscriber billing information in preparing its response as it relates to DSL and legacy telephony services. Some of the requested data are not maintained in the requested form in the ordinary course of AT&T’s business and may be incomplete or contain inaccuracies.

In response to Request No. 17, AT&T is providing information to supplement the above-referenced subscriber billing files submitted by the Company on July 17, 2014 in support of the Application (“July Subscriber Billing Files”). The information provided in response to Request No. 17 also supplements the subscriber billing files submitted by the Company on September 23, 2014 supporting the Highly Confidential paper prepared by Professors Steve Berry and Phil Haile of Yale University entitled “Quantitative Analysis of an AT&T-DirecTV Merger: Additional Discussion of Modeling Choices, Data, and Results” in support of the Application (“September Subscriber Billing Files”). The data responses provided in response to Request No. 17 are all provided on a CLOC level. These files can be mapped into the July Subscriber Billing Files or September Subscriber Billing Files (together, “Subscriber Billing Files”) by corresponding the CLOCs in the Subscriber Billing Files to the CLOC field in the Exhibits
described below.

To the extent responsive data are available AT&T provides information for CLOCs in the files DOJ_CLOC_PRODUCTS_MAR2014v3_HIGHLY_CONFIDENTIAL and CLOC_REV_2014-03-XX_HIGHLY_CONFIDENTIAL (the “Subscriber Billing File CLOCs”). Other of the Subscriber Billing files may contain additional CLOCs for which there is not detailed product information and/or revenue information for March 2014 in the Subscriber Billing Files, and CLOCs that have changed as the result of system updates.

The supplements to the Subscriber Billing Files provided in response to Request No. 17 described below were extracted from AT&T’s internal systems on different dates than the Subscriber Billing Files. AT&T’s internal systems for storing CLOC data are dynamic databases that are subject to continual updates, and on a month-to-month basis small numbers of CLOCs may change, which leads to some differences between extracts of CLOC data pulled on different dates. Thus, AT&T has been unable to provide some of the requested information for some Subscriber Billing File CLOCs in the September Subscriber Billing files, and for additional Subscriber Billing File CLOCs in the July Subscriber Billing Files.

Data dictionaries for the Subscriber Billing Files and supplemental files provided in response to this Request as discussed below are set forth in Exhibit 17.1.

a. describe the universe of included customer locations (“CLOCS”) in each data set originally submitted and, if applicable, change the universe to include all residential subscribers billed in the month for any of the Company’s Internet Access Service, MVPD Service, or Telephony Service, and residential subscribers billed for Internet Access Service, MVPD Service, or Telephony Service on behalf of another company;
RESPONSE:

The CLOCs in the Subscriber Billing Files include residential subscribers billed in the month for any of the Company’s Internet Access Service, MVPD Service, or Telephony Service.

The CLOCs included in the following July Subscriber Billing Files: CLOCs with IP Start Dates Mar-2014, CLOC_REV_2014-03-01 to CLOC_REV_2014-03-31, and in the corresponding files in the September Subscriber Billing Files include residential subscribers billed in the month for any of the Company’s U-verse Internet Access Service, MVPD Service, or Telephony Service, but do not include residential subscribers billed in the month for the Company’s legacy services (DSL and legacy telephony) only. To the extent these files include subscribers who subscribe to both a U-verse service and a legacy service, information is limited to the U-verse subscription. These files may also contain CLOCs for some business subscribers because AT&T is not able to distinguish these business CLOCs from residential CLOCs.

The CLOCs included in the Subscriber Billing Files include residential subscribers billed by the Company for Internet Access Service, MVPD Service, or Telephony Service on behalf of another company.

b. provide a field indicating whether the subscriber is subject to an early termination fee ("ETF");

RESPONSE:

For Subscriber Billing File CLOCs, Exhibit 17.b.1 indicates whether the subscriber was subject to an ETF in March 2014 related to a bundled service promotion. AT&T is unable to provide similar data on which subscribers were subject to ETFs for promotions that apply to

63 Exhibit 17.b.2 contains notes and definitions of terms used in Exhibit 17.b.1.
stand-alone products in prior months.

c. provide the ETF amount that the subscriber would be charged if they cancelled service in that month;

RESPONSE:

For Subscriber Billing File CLOCs subject to an ETF in March 2014 related to a bundled service promotion, Exhibit 17.b.1 lists the ETF amount that the subscriber would be charged if they canceled service in March 2014. AT&T does not keep information in its currently active automated data systems on historical ETF amounts for promotions that apply to stand-alone products.

d. provide a field indicating whether the subscriber cancelled a service for each service code in the month and a field indicating whether they cancelled all Company services in the month;

RESPONSE:

Exhibits 17.d.1 and 17.d.2 provide information on cancelations for Subscriber Billing File CLOCs to the extent information is available to assess whether the subscriber canceled a particular service. AT&T determines whether a given subscriber canceled service in a given month by comparing the CLOC’s services in that month to the prior month. Because subscriber service information is recorded as of the last day of the month, a subscriber that terminated a given service in March 2014 would be detected by the association of that service with the CLOC in February, and the absence of such an association in March. The file DOJ_CLOC_PRODUCTS_MAR2014v3_HIGHERLY_CONFIDENTIAL contains information regarding the specific services associated with a particular CLOC, and so a CLOC that canceled all services in March would not be included in this file but may appear in the files

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64 Exhibit 17.d.3 contains notes and definitions of terms used in Exhibits 17.d.1 and 17.d.2.
CLOC_REV_2014-03-XX_HIGHLY_CONFIDENTIAL, if there is associated billing data for the CLOC in March 2014. Thus, AT&T is only able to populate a field for a Subscriber Billing File CLOC that canceled all services in March 2014 if that CLOC has associated billing information. Exhibit 17.d.1 reports information for cancelations in March for subscribers who terminated one or more, but not all, services between the last day of February and the last day of March 2014, or who terminated all services between the last day of February and the last day of March 2014 and have associated billing data in the files CLOC_REV_2014-03-XX_HIGHLY_CONFIDENTIAL.

Exhibit 17.d.2 reports information for cancelations by subscribers who terminated one or more services between the last day of March and the last day of April 2014. It also indicates whether a Subscriber Billing File CLOC canceled all services between the last day of March and the last day of April 2014. Exhibit 17.d.2 is limited to CLOCs that appear in the file DOJ_CLOC_PRODUCTS_MAR2014v3_HIGHLY_CONFIDENTIAL. The CLOC data do not allow AT&T to report cancelations by service package or tier for DSL, VoIP, or legacy telephony.

In Exhibits 17.d.1 and 17.d.2, a subscriber is considered to have canceled a service if it a) subscribed to any MVPD package in one month directly followed by a month in which it did not subscribe to any MVPD package, b) if it subscribed to any Internet Access Service tier in one month directly followed by a month in which it did not subscribe to any Internet Access Service tier, or c) if it subscribed to any VoIP legacy telephony service directly followed by a month in which the subscriber did not subscribe to any Telephony Service.
e. State the month and year that the CLOC began continuously subscribing to any Internet Access Service, MVPD Service, or Telephony Service offered by the Company;

RESPONSE:

Exhibit 17.e.1 provides information on Subscriber Billing File CLOCs that indicates the month and year that the CLOC began continuously subscribing to any U-verse Internet Access Service, MVPD Service, or Telephony Service or any legacy services (DSL and legacy telephony) offered by the Company as of July 2013.65

[BEGIN AT&T CONFIDENTIAL INFORMATION]

Exhibit 17.e.1 lists the earliest of the following dates: the date on which the CLOC first subscribed to any MVPD service, the date on which the CLOC first subscribed to any Internet Access service, or the date on which the MVPD first subscribed to any Telephony Service.

f. provide all subscriber acquisition cost fields associated with the CLOC in any database maintained by the Company and the total subscriber acquisition costs for the CLOC;

RESPONSE:

AT&T does not maintain information on, nor is it able to estimate, subscriber acquisition costs at the CLOC or individual subscriber level in the ordinary course of business. Information on acquisition costs is provided in response to Request No. 5.k.

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65 Exhibit 17.e.2 contains notes and definitions of terms used in Exhibit 17.e.1.
g. for the BEGIN HIGHLY CONFIDENTIAL***
***END HIGHLY CONFIDENTIAL databases, provide all fields related to any payments to and from the CLOC associated with any services billed by the Company to the CLOC in the month (i.e., the data should represent the total revenues associated with the CLOC and should provide all code for those revenue categories);

RESPONSE:

For CLOCs in the following September Subscriber Billing Files: CLOC_REV_2014-03-01 HIGHLY CONFIDENTIAL to CLOC_REV_2014-03-31 HIGHLY CONFIDENTIAL, the files provide additional detail about the specific charges and credits associated with services billed by the Company to the CLOC in the month including all that, combined, represent total revenues associated with the CLOC. The field [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION] For additional information on the fields associated with payments to and from the CLOC representing total revenues associated with the CLOC, please see Exhibit 17.1. [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]

h. provide a database of all non-recurring charges and credits in any month associated with the CLOC since the customer started service on their current plan broken down into the following categories: (i) net installation charges; (ii) net equipment charges; (iii) credits, rebates and any other incentives for subscribing to plan (e.g. gift cards); and (iv) internet overage charges; and
RESPONSE:

Exhibit 17.h.1 provides information on Subscriber Billing File CLOCs for non-recurring charges and credits between January 2012 and March 2014 for U-verse products (IPTV, IPDSL, HSIA and VoIP). The non-recurring charges and credits are reported in the following categories: (i) net installation charges; (ii) net equipment charges; (iii) other non-recurring revenue; and (iv) credits, rebates and any other incentives for subscribing to plan (e.g., gift cards). AT&T has not charged internet overage charges for any U-verse product.

i. provide a field with the name of the entity for any services billed for another entity.

RESPONSE:

For each Subscriber Billing File CLOC that is currently recorded in AT&T’s systems as having had an account associated with service from either DIRECTV or DISH as part of a synthetic bundle, Exhibit 17.i.1 indicates the CLOC and entity. Exhibit 17.i.1 also indicates for DIRECTV the current status of the subscriber (active or cancelled).

18. REQUEST

For each Internet Access Service plan code submit a dataset with the following characteristics for each plan code:

a. the Internet Access Service plan code;

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66 Exhibit 17.h.2 contains notes and definitions of terms used in Exhibit 17.h.1.
67 Exhibit 17.i.2 contains notes and definitions of terms used in Exhibit 17.i.1.
68 Data regarding account association and status are not available as of March 2014 in AT&T’s currently active automated data systems.
b. the plan’s advertised upload speed, or an explanation of how the upload speed is calculated if there is no advertised speed; and

c. the advertised download speed.

RESPONSE:

Pursuant to discussions with Commission Staff, AT&T’s response to Request No. 18 does not include information for business subscribers, is limited to information on its 22-state ILEC wireline footprint, and does not include information for services delivered over a mobile wireless broadband network. AT&T has relied on available service-level subscriber billing information in preparing its response for DSL and legacy telephony services. Some of the requested data are not maintained in the requested form in the ordinary course of AT&T’s business and may be incomplete or contain inaccuracies.

The Subscriber Billing Files referenced in response to Request No. 17 do not include plan codes or plan names. However, the data include CLOCs. The data provided in the file CLOC_SUBSCRIBERS_201403_HIGLY_CONFIDENTIAL.csv include both CLOCs and plan names. CLOCs can be used to combine plan and charges data. For Internet Access Service provided by the Company in March 2014, Exhibit 3.b.4 provides the tier or package names and the upload speed and download speed associated with each tier or package name.

AT&T does not advertise upload speeds for Internet service plans. AT&T provides Internet services on a best efforts basis, and states its speeds based on what a customer is capable of attaining, not what a customer is guaranteed to obtain.

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
19. REQUEST:

For each MVPD Service plan code contained in the billing data referenced in Request 17, by zip code, submit a dataset with the following characteristics for each plan code

a. the MVPD Service plan code;

b. the average total number of channels provided with the plan;

c. the total number of national non-broadcast Programming Networks provided with the plan; and

d. the Programming Networks provided with the plan.

RESPONSE:

Pursuant to discussions with Commission staff, AT&T’s response to Request No. 19 does not include information for its business subscribers or plans, is consistent with the limits on the information AT&T is required to report for its 22-state ILEC wireline footprint, does not include information for services delivered over a mobile wireless broadband network, and AT&T may rely on service-level subscriber billing information rather than line item subscriber billing information in preparing its response as it relates to DSL and legacy telephony services. Some of the requested data are not maintained in the requested form in the ordinary course of AT&T’s business and may be incomplete or contain inaccuracies.

For all MVPD Services provided by the Company...
names, the total number of channels provided with each programming package, and the total number of national channels provided with each programming package. Exhibit 19.d.1 lists, by zip code and DMA, the channels provided with each programming package for the programming packages identified in Exhibit 19.a.1. The programming package names included in Exhibits 19.a.1 and 19.d.1 correspond to those in the Subscriber Billing Files referenced in response to Request No. 17. Exhibit 3.a.3 provides additional information about the programming packages identified in Exhibit 19.a.1 and 19.d.1.

20. REQUEST:

Provide a database with the following fields for every residential and business customer location, as of March 31, 2014, to which the Company owns facilities that are capable of providing MVPD Service, Internet Access Service or Telephony Service:

a. CLOC;

b. the CLOC’s address, including, street address, city, state, 5-digit Zip Code, in a standardized format to be determined in consultation with Commission staff;

c. the CLOC’s longitude and latitude;

d. the CLOC’s census block;

e. whether the CLOC is a residential or business location;

f. the technology type available to the CLOC: (i) copper with no xDSL capability; (ii) xDSL; (iii) IPDSL; (iv) FTTN without capability to provide MVPD Service; (v) FTTN with capability to provide MVPD Service; and (vi) FTTP;

g. the maximum advertised internet access download speed available to the CLOC; and

h. the maximum advertised internet access upload speed available to the CLOC, or if there is no advertised speed, an explanation of how the upload speed is determined.

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70 Exhibit 19.a.2 contains notes and definitions of terms used in Exhibit 19.a.1.
71 Exhibit 19.d.2 contains notes and definitions of terms used in Exhibit 19.d.1.
RESPONSE:

Pursuant to discussions with Commission staff, AT&T’s response to Request No. 20 does not include information for its business subscribers, is consistent with limits on the information AT&T is required to report for its 22-state ILEC wireline footprint, and does not include information for services delivered over a mobile wireless broadband network. Some of the requested data are not maintained in the requested form in the ordinary course of AT&T’s business and may be incomplete or contain inaccuracies.

AT&T keeps information on availability of MVPD Service, Internet Access Service, or Telephony Service by ELU. For each residential customer location as of March 31, 2014, to which the Company owns facilities that are capable of providing MVPD Service, Internet Access Service, or Telephony Service, Exhibit 20.a.1 provides the LUID (Living Unit ID), which identifies the ELU, the address associated with the ELU, the longitude and latitude associated with the ELU, and the census block associated with the ELU.\footnote{Exhibit 20.a.2 contains notes and definitions of terms used in Exhibits 20.a.1, 20.f.1, and 20.f.2.} For ELUs associated with CLOCs, Exhibit 20.a.1 also lists the CLOC.

AT&T does not maintain historical information on maximum internet access upload or download speeds by ELU. For each ELU in Exhibit 20.a.1, Exhibit 20.f.1 reports the technology type for each CLOC and ELU in Exhibit 20.a.1 in March 2014 to the extent available. AT&T does not maintain historical data on Internet Access Service speed tiers that would allow AT&T to report maximum advertised download and upload speeds by ELU. Exhibit 20.f.2 reports the maximum advertised internet access download speed available and the maximum internet access upload speed for each ELU in Exhibit 20.a.1 based on September 2014 data. For an explanation...
of how the upload speed is calculated, refer to the Response to Request No. 18.

21. REQUEST:

Produce all documents relating to competition in the provision of each Relevant Service in each Relevant Area, including, but not limited to, surveys, studies, forecasts and all other documents relating to:

a. sales, market share, or competitive position of the Company or any of its competitors;

b. the relative strength or weakness of Persons selling any Relevant Service and the extent to which providers of any Relevant Service compete with each other;

c. supply and demand conditions;

d. competition in the sale of bundles that include a Relevant Service;

e. attempts to win customers from other companies and losses of customers to other companies;

f. how consumers, MVPDs, and OVDs view or perceive Video Programming offered by the Company or any other Person (including the impact of placing programming in a particular neighborhood or tier, the impact of not offering certain programming, the ability to substitute other programming, the impact of bundling more than one programming channel, or the impact of pricing on decisions to purchase Video Programming or MVPD Service, including ratings and consumer surveys relating to Video Programming);

g. allegations that any Person that provides any Relevant Service is behaving in an anticompetitive manner, including, but not limited to, customer and competitor complaints, threatened, pending, or completed lawsuits; and federal and state investigations, including any carriage or program access complaints filed against the Company with the Federal Communications Commission pursuant to 47 C.F.R. § 76.1301 et seq. or 47 C.F.R. § 76.1000 et seq.;

h. any Person’s decision to block, stop, limit, hinder, slow, favor, prioritize, or otherwise treat the transmission of any OVD or other content over that Person’s Internet Access Service differently due to the software application used, its source or destination, or other characteristic of the content or service. Documents solely relating to unsolicited commercial e-mail (i.e., SPAM) and malicious software need not be produced;
i. the impact of cord shavers, cord cutters and cord nevers on the Company’s marketing, revenues and profits;

j. any actual or potential effect on the supply, demand, cost, or price of any Relevant Service as a result of competition from any other possible substitute service or provider;

k. role of innovation in competition or potential competition relating to improvements or innovations in features, functionality, platforms, performance, cost, or other advantages to users of the service;

l. role of reliability and reputation in competition or potential competition;

m. churn, subscriber acquisition costs, costs per gross addition, and subscriber retention costs, including consumer costs incurred in switching to another Person’s Relevant Service, and data and studies analyzing the source of the Company’s new subscribers, why subscribers disconnect service with the Company and the reasons for disconnections, and factors affecting consumers’ decisions to switch to or from a Relevant Service offered by the Company;

n. (1) consumer satisfaction with the Company’s Relevant Service (including all documents relating to plans, policies and procedures for addressing concerns raised by rankings and surveys), and (2) consumer substitution between Internet Access Service provided by each of the Company’s service technologies (i.e., copper with no xDSL capability; xDSL; IPDSL; FTTN without capability to provide MVPD Service; FTTN with capability to provide MVPD Service; and FTTP) and Internet Access Service provided by competing cable operators;

o. the characteristics of consumers who want to purchase Standalone Services or Bundled Services;

p. any evaluation or comparison between any Relevant Service and any other service, including but not limited to the effect or impact of OVD on MVPD;

q. any customer preferences or selection criteria relating to the purchase or use of each Relevant Service rather than any other service, or relating to any Relevant Service offered by the Company rather than any service offered by any other Person (including any sales tracking data);

r. the effects of the price of a Synthetic Bundle on the stand-alone price of a Relevant Service, the costs and benefits of such bundling, and any other comparison of Bundled versus Standalone Services, including but not limited to any shortcomings or limitations of synthetic bundles and the attempts made to resolve the shortcomings of the Synthetic Bundle;
s. the relative strength or weakness of persons selling any relevant service, selling either Standalone Services or such services bundled with a mobile wireless/broadband service, and the extent to which providers of any relevant wireless service compete with each other;

t. the characteristics of consumers who want to purchase Standalone Services or such services bundled with a mobile wireless/broadband service, and the sales, market share, or competitive position of the Company or any of its competitors in the sale of Standalone Services or such services bundled with a mobile wireless/broadband service; and

u. any advantage or disadvantage to any Person arising from the size of its footprint or its subscribership on its ability: (i) to negotiate terms with Persons selling or licensing Video Programming, including but not limited to terms that grant the Company exclusive rights to programming; and (ii) competition with other providers of MVPD Service, OVD and Internet Access Service.

Documents responsive to this Request are included in AT&T’s document production.

22. REQUEST:

For each Relevant Service, Standalone Service and Bundled Service, produce (a) one copy of all current selling aids and promotional materials; and (b) all documents relating to advertising plans and strategies.

RESPONSE:

Pursuant to discussions with Commission staff, AT&T need not respond to subpart (a) of the Request. Documents responsive to subpart (b) of this Request are included in AT&T’s document production.

23. REQUEST:

Produce all documents created or received by the Company that relate to the Company’s or any other Person’s: pricing plans; pricing policies; pricing lists; rate cards; pricing forecasts; pricing strategies; pricing analysis; introduction of new pricing plans or promotions; bundled pricing, including analysis of the profitability of bundles and their impact on customer retention; or pricing decisions relating to any Relevant Service.

RESPONSE:
Documents responsive to this Request are included in AT&T’s document production.

24. REQUEST:

State the name and address of each Person that has entered or attempted to enter into, or exited from, the provision of each Relevant Service, from January 1, 2012, to the present. For each such Person, identify the services it provides or provided; the area in which it provided the services, including whether the Person has sold or distributed the Relevant Service in the United States; and the date of its entry into or exit from the market. For each entrant, state whether the entrant built a new facility, converted assets previously used for another purpose (identifying that purpose), or began using facilities that were already being used for the same purpose.

RESPONSE:

AT&T does not in its normal course maintain a listing of new entrants or track the exit of those offering Relevant Services.73 To respond to the FCC’s Request, AT&T has searched publicly available records for entries and exits of those offering Relevant Services within the United States. Accordingly, this Response and the identification below of entrants and those that exited may be incomplete or inaccurate.74

a. MVPD Service

In addition to recent entrants, a number of overbuilders that offer MVPD services (as part of bundled offerings with broadband) entered prior to January 1, 2012, including RCN, Wide Open West, Grande, and Suddenlink.

   (i) Entrants

**Name and Address of Person:** Google Inc. (Google Fiber), 1600 Amphitheatre Pkwy, Mountain View, CA 94043

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73 This response incorporates by reference all FCC defined terms, including “Internet Access Service,” “MVPD,” “OVD,” and “Internet Traffic Exchange,” as they are defined in the Information Request, solely for the purpose of responding to Request No. 24.

74 Pursuant to discussions with Commission staff, AT&T’s response does not include Video Programming as a Relevant Service.
**Services Provided:** Internet Access Service, MVPD  
**Service Area:** Kansas City, KS/MO; Austin, TX; Provo, UT; Reportedly considering expansion to: Portland, OR, San Jose, CA, Phoenix, AZ, Salt Lake City, UT; San Antonio, TX, Nashville, TN, Atlanta, GA, Charlotte, NC and Raleigh-Durham NC.  
**Date of Entry:** 2011  
**Facilities:** Built new facilities and used facilities already being used for the same purpose.

**Name and Address of Person:** Lake County Fiber Network (Lake Connections), 409 17th Avenue, Two Harbors, MN 55616.  
**Services Provided:** Internet Access Service, MVPD  
**Service Area:** Lake County, Minnesota  
**Date of Entry:** Pending. The Fiber Construction Project Started in June 2012 and is anticipated to take 36 months.  
**Facilities:** Built new facilities.

**(ii) Exits**

**Name and Address of Person:** Allegiance Communications, 1819 Airport Drive, Shawnee, OK 74804.  
**Services Provided:** MVPD, Internet Access Service  
**Service Area:** Arkansas, Kansas, Missouri, Oklahoma, Texas  
**Date of Exit:** Acquired by BCI Broadband in early 2013.

**Name and Address of Person:** CMA Communications, 13355 Noel Road, Suite 2100, Dallas, TX 75240.  
**Services Provided:** MVPD, Internet Access Service  
**Service Area:** Texas, Louisiana, Mississippi, Nevada  
**Date of Exit:** Acquired by NewWave Communications in June 2013.

**Name and Address of Person:** Knology, Inc., 1241 Og Skinner Dr., West Point, GA 30909  
**Services Provided:** MVPD, Internet Access Service  
**Service Area:** Southeastern and Midwestern U.S.  
**Date of Exit:** Acquired by WideOpen West Finance, Inc. LLC (WOW!) on July 17, 2012.

**Name and Address of Person:** Millington CATV, 5115 Easley Street, Millington, TN 38053.  
**Services Provided:** MVPD, Internet Access Service  
**Service Area:** Areas in Tennessee.  
**Date of Exit:** Acquired by Ritter Communications on December 11, 2012.

**Name and Address of Person:** SureWest (formerly Roseville Telephone Company), 2805-2, Marconi Ave, Bldg D, Roseville, CA 95678.  
**Services Provided:** Internet Access Service, MVPD  
**Service Area:** Sacramento, CA area; Kansas City area
Date of Exit: Acquired by Consolidated Communications on February 5, 2012.

b. OVD Service

Based on publicly available information, the following OVD Service providers began offering services after January 1, 2012:

1. **Entrants**

**Name and Address of Person:** AOL On Network, AOL Headquarters, 770 Broadway, New York, NY 10003.
**Services Provided:** OVD
**Service Area:** U.S.
**Date of Entry:** April 2012
**Facilities:** AT&T is not aware if any incremental facilities were built for this service.

**Name and Address of Person:** Charter, Corporate Communications, 12405 Powerscourt Drive, St. Louis, MO 63131.
**Services Provided:** OVD
**Service Area:** U.S.
**Date of Entry:** Late 2013
**Facilities:** AT&T is not aware if any incremental facilities were built for this service.

**Name and Address of Person:** Cox’s Contour, Cox Communications, 1400 Lake Hearn Drive, Atlanta, GA 30319.
**Services Provided:** OVD
**Service Area:** U.S.
**Date of Entry:** August 2013
**Facilities:** AT&T is not aware if any incremental facilities were built for this service.

**Name and Address of Person:** Disney Movies Anywhere, The Walt Disney Company, 500 S Buena Vista Street, Burbank, CA 91505.
**Services Provided:** OVD
**Service Area:** U.S.
**Date of Entry:** February 2014
**Facilities:** AT&T is not aware if any incremental facilities were built for this service.

**Name and Address of Person:** Google Play, Google, 1600 Amphitheatre Parkway, Mountain View, CA 94043.
**Services Provided:** OVD
**Service Area:** U.S.
**Date of Entry:** March 2012
**Facilities:** AT&T is not aware if any incremental facilities were built for this service.
Name and Address of Person: HitBliss, 1050 Waltham Street, Suite 510, Lexington, MA 02421.
Services Provided: OVD
Service Area: U.S.
Date of Entry: March 2013
Facilities: AT&T is not aware if any incremental facilities were built for this service.

Name and Address of Person: K Drama, Crunchyroll, Inc., 88 Stevenson Street, San Francisco, CA 94105.
Services Provided: OVD
Service Area: U.S.
Date of Entry: February 2014
Facilities: AT&T is not aware if any incremental facilities were built for this service.

Name and Address of Person: M-Go, 3534 Hayden Avenue, Culver City, CA 90232.
Services Provided: OVD
Service Area: U.S.
Date of Entry: January 2013
Facilities: AT&T is not aware if any incremental facilities were built for this service.

Name and Address of Person: Nook Video, Barnes & Noble, Inc., P.O. Box 111, Lyndhurst, NJ 07071.
Services Provided: OVD
Service Area: U.S.
Date of Entry: September 2012
Facilities: AT&T is not aware if any incremental facilities were built for this service.

Name and Address of Person: Paramount’s Ultraviolet, Paramount Pictures, 5555 Melrose Avenue, Los Angeles CA 90038.
Services Provided: OVD
Service Area: U.S.
Date of Entry: January 2012
Facilities: AT&T is not aware if any incremental facilities were built for this service.

Name and Address of Person: Redbox Instant, Redbox, 1625 Sunset Boulevard, Los Angeles, CA 90026.
Services Provided: OVD
Service Area: U.S.
Date of Entry: March 2013
Facilities: AT&T is not aware if any incremental facilities were built for this service.

Name and Address of Person: Target Ticket, Target, 1000 Nicollet Mall, Minneapolis, MN 55402.
Services Provided: OVD
Service Area: U.S.
Date of Entry: September 2013
Facilities: AT&T is not aware if any incremental facilities were built for this service.

Name and Address of Person: VevoTV, Vevo LLC, 825 8th Avenue, New York, NY 10019-7472.
Services Provided: OVD
Service Area: U.S.
Date of Entry: March 2013
Facilities: AT&T is not aware if any incremental facilities were built for this service.

Name and Address of Person: Warner Archive Instant, Warner Bros., 4000 Warner Blvd, Burbank, CA 91522.
Services Provided: OVD
Service Area: U.S.
Date of Entry: Spring 2013
Facilities: AT&T is not aware if any incremental facilities were built for this service.

Name and Address of Person: WolfeOnDemand, Wolfe Video LLC, 21570 Almaden Road, San Jose, CA 95120.
Services Provided: OVD
Service Area: U.S.
Date of Entry: June 2012
Facilities: AT&T is not aware if any incremental facilities were built for this service.

Name and Address of Person: WWE Network, 1241 East Main Street Stamford, CT 06902.
Services Provided: OVD
Service Area: U.S.
Date of Entry: February 2014
Facilities: AT&T is not aware if any incremental facilities were built for this service.

2. Exits

Based on publicly available information, the following OVD Service providers ceased offering services after January 1, 2012:

Name and Address of Person: HTC Watch, HTC Corporation, 23, Hsing Hua Rd., Taoyuan City, Taoyuan, 33068 Taiwan.
Services Provided: OVD
Service Area: U.S.
Date of Exit: March 31, 2014
Name and Address of Person: Justin.tv, Twitch Interactive, Inc., 23 Geary Street, Suite 800, San Francisco, CA 94108.
Services Provided: OVD
Service Area: U.S.
Date of Exit: August 4, 2014

Name and Address of Person: Qik, Skype Communications SARL, 23-29 Rives de Clausen, L-2165 Luxembourg.
Services Provided: OVD
Service Area: U.S.
Date of Exit: April 30, 2014 (due to integration of service into other Skype products)

Name and Address of Person: Qplay, TiVo, 2160 Gold Street, San Jose, CA 95002.
Services Provided: OVD
Service Area: U.S.
Date of Exit: July 25, 2014

Name and Address of Person: Vdio, Rdio, 62 First Street, Suite 500, San Francisco, CA 94105.
Services Provided: OVD
Service Area: U.S.
Date of Exit: December 2013

c. Internet Access Service

(i) Entrants

Name and Address of Person: City of Johnson, TN, address not known.
Services Provided: Internet Access Service
Service Area: Johnson, TN
Date of Entry: 2012
Facilities: Built a new facility (using the extra capacity on a fiber network it recently installed).

Name and Address of Person: City of Longmont, CO, address not known.
Services Provided: Internet Access Service
Service Area: Longmont, CO
Date of Entry: 2013
Facilities: Using facilities already being used for the same purpose and building new facilities.

Name and Address of Person: City of San Leandro, address not known.
Services Provided: Internet Access Service
Service Area: San Leandro, CA
Date of Entry: 2012
Facilities: Built new facilities.
Name and Address of Person: Clackamas County CBX, address not known.
Services Provided: Internet Access Service
Service Area: Clackamas County, OR
Date of Entry: October 2013
Facilities: Built new facilities.

Name and Address of Person: Google Inc. (Google Fiber), 1600 Amphitheatre Pkwy, Mountain View, CA 94043.
Services Provided: Internet Access Service, MVPD
Service Area: Kansas City, KS/MO; Austin, TX; Provo, UT; Reportedly considering expansion to: Portland, OR, San Jose, CA, Phoenix, AZ, Salt Lake City, UT, San Antonio, TX, Nashville, TN, Atlanta, GA, Charlotte, NC and Raleigh-Durham, NC.
Date of Entry: 2011
Facilities: Built new facilities and used facilities already being used for the same purpose.

Name and Address of Person: Lake County Fiber Network (Lake Connections), 409 17th Avenue, Two Harbors, MN 55616.
Services Provided: Internet Access Service and MVPD
Service Area: Lake County, Minnesota, 55616
Date of Entry: Pending. The Fiber Construction Project Started in June 2012 and is anticipated to take 36 months.
Facilities: Built new facilities.

Name and Address of Person: Liberty Telecom LLC, P.O. Box 141 Montreat, NC 28757.
Services Provided: Internet Access Service
Service Area: North Carolina
Date of Entry: May 2012
Facilities: Using facilities already being used for the same purpose.

Name and Address of Person: Port of Whitman in partnership with NoaNet; address unknown.
Services Provided: Internet Access Service
Service Area: Asotin, Garfield and Whitman counties, Washington State
Date of Entry: June 2012
Facilities: Built new facilities.
Name and Address of Person: Telestride, LLC 1300 N. 17th Street, Suite 1100 Arlington, VA 22209.
Services Provided: Internet Access Service
Service Area: McClure, Ohio
Date of Entry: 2012
Facilities: Using facilities already being used for the same purpose.

Name and Address of Person: Urbana-Champaign Big Broadband, address unknown.
Services Provided: Internet Access Service  
Service Area: Illinois  
Date of Entry: 2012.  
Facilities: Built new facilities.

Name and Address of Person: Warm Springs Telecommunications Company, 4202 Holliday Street, Warm Springs, OR 97761.  
Services Provided: Internet Access Service  
Service Area: Oregon  
Date of Entry: 2012  
Facilities: Built new facilities.

(ii) Exits

Name and Address of Person: Abovenet, Inc., 360 Hamilton Ave, White Plains, NY 10601.  
Services Provided: Internet Access Service  
Service Area: U.S., Canada and Europe  
Date of Exit: Acquired by Zayo Group on July 2, 2012.

Name and Address of Person: Arialink Telecom, LLC, 7515 East Lake Drive.  
Brighton, MI 48114-8902.  
Services Provided: Internet Access Service  
Service Area: Michigan  

Name and Address of Person: Baja Broadband LLC, 901 N. Florida Ave., Alamogordo, NM 88310.  
Services Provided: Internet Access Service  
Service Area: Colorado, New Mexico, Texas, and Utah  
Date of Exit: Acquired by TDS Telecom on August 2, 2013.

Name and Address of Person: Bend Data Center / Bend Broadband, 63090 Sherman Rd. Bend, OR 97701.  
Services Provided: Internet Access Service and MVPD  
Service Area: Central Oregon  
Date of Exit: Acquired by TDS Telecom on September 1, 2014.

Name and Address of Person: Blackrock Cable Inc., 512 Fairview St, Bellingham, WA 98229.  
Services Provided: Internet Access Service  
Service Area: Areas in Washington State  
Date of Exit: Acquired by Wave Broadband on January 10, 2013.

Name and Address of Person: Bluemile, 7775 Walton Parkway, Suite 200, New Albany, Ohio,
Services Provided: Internet Access Service
Service Area: Columbus, New York, Los Angeles, Atlanta, Boston and Cleveland.
Date of Exit: Acquired by WOW! on November 12, 2013.

Name and Address of Person: Callis Communications and related entities (including Callis Communications, Inc., Callis Communications, Inc. – AL, Callis Communications, Inc. – FL), 720 Oak Circle Drive East, Mobile, AL 36609.
Services Provided: Internet Access Services
Service Area: Alabama and Florida.
Date of Exit: Acquired by C Spire on February 7, 2014.

Name and Address of Person: Conversent Communications, 5 Wall Street, Burlington, MA, 01803.
Services Provided: Internet Access Service
Service Area: New England
Date of Exit: Acquired by One Communications Corp. on November 19, 2012.

Name and Address of Person: Daystar Communications, 18215 Paulson Dr., Port Charlotte, FL 33954.
Services Provided: Internet Access Service
Service Area: Southwest Florida
Date of Exit: Acquired by Birch Communications in October 2012.

Name and Address of Person: FiberGate, Inc., 6076 Franconia Rd, Arlington, VA, 22310.
Services Provided: Internet Access Service
Service Area: Virginia, Washington D.C.
Date of Exit: Acquired by Zayo Group in September 2012.

Name and Address of Person: First Telecom Services, 2561 Bernville Road, Reading, PA 19605.
Services Provided: Internet Access Service
Service Area: Northeastern and Midwestern U.S.
Date of Exit: Acquired by Zayo Group on December 17, 2012.

Name and Address of Person: IdeaOne Telecom Group, LLC, 3239 39th Street SW, Fargo, North Dakota 58104.
Services Provided: Internet Access Services
Service Area: Fargo, MN
Date of Exit: Acquired by Eventis in March 2012.

Name and Address of Person: Lightyear Network Solutions, Inc., 1901 Eastpoint Pkwy, Louisville, KY 40223.
Services Provided:  Internet Access Services
Service Area:  Kentucky
Date of Exit:  Acquired by Birch Communications on May 15, 2013.

Name and Address of Person:  Litecast/Balticore, LLC, 2400 Boston St, Baltimore, MD 21224.
Services Provided:  Internet Access Service
Service Area:  Baltimore, Maryland

Name and Address of Person:  Millington Telephone Company, 8741 E Kerrville Rosemark Rd, Millington, TN 38053.
Services Provided:  Internet Access Service
Service Area:  Areas in Tennessee
Date of Exit:  Acquired by Ritter Communications on December 12, 2012.

Name and Address of Person:  Net Star Telecommunications, 10640 Haddington Dr., Houston, TX 77043.
Services Provided:  Internet Access Service
Service Area:  Texas
Date of Exit:  Acquired by Alpheus Communications in December 2012.

Name and Address of Person:  NuVox Communications, Two North Main Street Greenville, SC 29601.
Services Provided:  Internet Access Services
Service Area:  South Carolina
Date of Exit:  Purchased by Windstream Corporation in 2012.

Name and Address of Person:  Pacific Centrex Services, Inc., 6855 Tujunga Avenue North Hollywood, CA 91605.
Services Provided:  Internet Access Services
Service Area:  Los Angeles and Orange County
Date of Exit:  Merged with Datavo. Exit date uncertain.

Name and Address of Person:  Rio Communications, 2360 NE Stephens St, Roseburg, OR 97470.
Services Provided:  Internet Access Services
Service Area:  Oregon
Date of Exit:  Acquired by InfoStructure.net on July 26, 2013.

Name and Address of Person:  Sidera Networks, 55 Broad Street, 2nd Floor, New York, NY 10004.
Services Provided:  Internet Access Service
Service Area:  Northeastern U.S.
**Date of Exit:** Acquired by Berkshire Partners and merged with Lightower Fiber Networks on April 11, 2013.

**Name and Address of Person:** SureWest (formerly Roseville Telephone Company), 2805-2, Marconi Ave, Bldg D, Roseville, CA 95678.

**Services Provided:** Internet Access Service, MVPD

**Service Area:** Sacramento, CA area; Kansas City area

**Date of Exit:** Acquired by Consolidated Communications on February 5, 2012.

**Name and Address of Person:** Teljet Longhaul, LLC, 45 Krupp Drive, Williston, VT 05495.

**Services Provided:** Internet Access Service

**Service Area:** Vermont

**Date of Exit:** Acquired by Tech Valley Communications in 2013.

**Name and Address of Person:** The Ultimate Connection LC d/b/a Daystar Communications, 18215 Paulson Dr, Port Charlotte, FL 33954.

**Services Provided:** Internet Access Service

**Service Area:** Florida

**Date of Exit:** Acquired by Birch Communications in 2012.

**Name and Address of Person:** US Carrier Telecom, 3101 Towercreek Parkway, Suite 450, Atlanta, GA 30339.

**Services Provided:** Internet Access Service

**Service Area:** Georgia, Tennessee, Florida, Alabama

**Date of Exit:** Acquired by Zayo Group in 2012.

**Name and Address of Person:** US Metropolitan Telecom, LLC, 24017 Production Cir, Bonita Springs, FL 34135.

**Services Provided:** Internet Access Service

**Service Area:** Florida

**Date of Exit:** Acquired by Summit Broadband in 2013.

**Name and Address of Person:** UTEX Communications Corp., 1250 S. Capital of Texas Hwy, West Lake Hills, TX, 78746.

**Services Provided:** Internet Access Service

**Service Area:** Texas

**Date of Exit:** 2013
Name and Address of Person: Wavecom Solutions Corporation, 1132 Bishop St #800, Honolulu, HI 96813.
Services Provided: Internet Access Service
Service Area: Hawaii
Date of Exit: Acquired by Hawaiian Telcom, Inc. in 2012.

d. Internet Traffic Exchange (i. Transit; ii. Internet Paid Peering; iii. Internet Settlement-free peering; and iv. Any other interconnection between Internet networks).

(i) Entrants

While AT&T is not aware of new entrants for Internet Traffic Exchange, generally any Person with a network has the ability to peer with or offer transit services to another network.

(ii) Exits

Name and Address of Person: nLayer Communications, 209 W Jackson, Suite 700, Chicago, IL 60606.
Services Provided: Tier-2 network operator offering wholesale IP Transit, Data Transport, and Managed Networking Services.
Service Area: North America and Europe
Exit date: Acquired by Global Telecom and Technology on May 1, 2012.

Name and Address of Person: Tiscali International Network (Tinet), address unknown.
Services Provided: Tier-1 and Ethernet network operator.
Service Area: Global
Exit date: Acquired by Global Telecom and Technology on April 30, 2013.

25. REQUEST:

Provide a list of possible new entrants into the provision of, or a substitute for, each Relevant Service, stating why the Company believes each Person is a possible entrant or could provide a substitute service, including but not limited to, mobile wireless broadband service, and what steps it has taken toward entry. Produce a list of all requirements for entry into the provision of, or a substitute for, a Relevant Service and an estimate of the time required to meet each requirement, and provide all documents relating to research and development, planning and design, production requirements, distribution systems, service requirements, patents, licenses, sales and marketing activities, and any necessary governmental and customer approvals for entry in to the provision of each Relevant Service.
RESPONSE:

The requirements for entry, and the time required to meet those requirements, for Internet access services, MVPD, OVD, and Internet traffic exchange (together, the “Relevant Services”) vary depending on the potential entrant, including the potential entrant’s existing assets, business strategy, the geographic scope of the planned entry, and the technology the potential entrant plans to deploy. The requirements for entry also vary depending on whether the potential entrant is extending an existing service into a new geographic area or building a new service.

These services can be delivered through a variety of means and by providers of varying scale and business models. In addition to the chosen technology and infrastructure, entry requirements vary significantly depending on the existing assets and businesses of the potential entrant. Technological advancements continue to expand the range of options for entry and delivery of the relevant services, and the potential quality and features of the services delivered. For example, twisted-pair copper-wire networks built decades ago to provide voice telephony service are today, with modifications and improvements, used to deliver Internet access, high-definition MVPD services, and OVD services.

Various approaches to and associated requirements for entry into (I) Internet Traffic Exchange Services, (II) Internet Access Services, (III) MVPD services, and (IV) OVD services are described below.

I. **Internet Traffic Exchange Services**

The provision of Internet access services can be broadly divided into two discrete services: Internet traffic exchange and Internet access services. Internet traffic exchange providers carry traffic on and off the Internet “backbone,” while Internet access providers
(“ISPs”) carry traffic to and from users.

The Internet “backbone” is not a discrete, identifiable network — the term is generally understood to refer to the independently owned but interconnected high-speed networks known as “Tier 1” networks, which are connected to one another at various Internet exchange points around the world. Through their own reach and through interconnection with other Tier 1 networks, these networks can provide access to virtually any device connected to the Internet without incurring transit fees. The owners of these networks offer Internet exchange services to other network operators, including other Internet backbone providers and ISPs.

Internet traffic exchange providers typically provide access to the Internet backbone through their networks under three different contractual relationships:

1) Transit. Transit relationships provide for the carriage of traffic on a paid basis, between the customer’s network and the provider’s. While an individual residential Internet user’s relationship with an ISP can be considered a “Transit” relationship, in this response AT&T uses the term “Transit” to refer to the higher volume Transit agreements between Tier 1 network providers and large customers, such as ISPs. These services are typically offered on a metered basis, whereby the Tier 1 network provider charges the customer on a per megabit basis.

2) Peering. Peering relationships are reciprocal, and typically entered into between Tier 1 or other large networks, and allow for an approximately even amount of traffic to cross back and forth between the two networks. In a peering relationship, the parties treat one another’s networks as extensions of their own, and control routing of their traffic across the peer networks. Peering relationships can be unpaid or paid.
a) Settlement-Free Peering. Where two networks are exchange similar amounts of traffic, the parties may enter into a settlement-free peering relationship, an arrangement where neither party pays the other for the exchange of traffic, and both parties share in the costs of deploying the links that connect the two parties.

b) Paid Peering. Under paid peering relationships, one party pays the other for the exchange of traffic. Paid peering relationships are most common where the traffic exchanged between the parties is unbalanced. Paid peering relationships differ from Transit relationships in that the parties retain routing control, whereas in a Transit relationship, the Transit provider controls routing.

Providers of Internet traffic exchange services have high-speed networks with significant geographical reach and peering relationships with other such networks sufficient to provide access to virtually any device connected to the Internet without incurring additional transit costs — in other words, a Tier 1 network.

A provider can develop this scale through a combination of its own network and through peering relationships. For example, a single physical network that connects, via high-speed data lines, to Internet exchange points across North America and Europe would on its own have significant reach such that it would be a potential peering partner and transit provider. Whereas a smaller network, covering just a portion of the United States, for example, would have to enter into peering relationships with other regional networks, such that the combined network would present sufficient coverage to make it an attractive peering partner for other large networks and an effective provider of transit services. A larger network requires larger infrastructure,
including not only extensive high-speed data lines, but also network management capabilities, physical maintenance, and sales and service organizations to maintain transit and peering relationships. The time required to develop such a network is entirely dependent on the provider’s existing assets and its strategy for reaching sufficient scale. Licensing and regulatory requirements may apply depending on the geographical region, but Internet traffic exchange is not a highly regulated service in most regions. A significant exception can be the requirement to obtain permission to route cables through public rights of way, as discussed in more detail in Section II.B, below.

Notwithstanding the capital and expertise required to operate a Tier 1 network, the cost of Internet traffic exchange services has plummeted over the past fifteen years.

II. Internet Access Services

ISPs typically operate (or lease access to) a two-tier network that carries traffic between users and the backbone, consisting of:

1. the “back-end network,” which connects to the Internet backbone (sometimes referred to as the “aggregation network” or the “middle mile”) and carries aggregated data to and from

2. the “access network,” which carries individual customer data streams between the back-end network and the customer premises (sometimes referred to as the “last mile”).

In addition, ISPs maintain

3. Network operation support to monitor and maintain network performance, and

4. Customer marketing, sales, and support, including the installation and maintenance of customer premises equipment.

ISP networks are primarily distinguished by (and capital and new facility requirements
will primarily depend on) the nature of their access networks — *i.e.*, how the ISP covers the last mile to the customer.

- Telecom companies, including AT&T, typically build their last mile Internet access infrastructure on the foundation of their legacy voice networks (with upgrades and modifications).
- Cable providers generally use their legacy cable television networks (with upgrades and modifications) for the last mile.
- Other ISPs use new or upgraded networks that extend fiber-optic lines to customer premises, or on a variety of wireless network technologies, both terrestrial and satellite-based.

The technology needed for the development of ISP infrastructure is generally widely available, and built on industry standards and protocols. Depending on the potential entrant’s proposed infrastructure and business plan, additional intellectual property licenses may be required.

Regardless of the access network, all ISPs have some means of accessing the Internet backbone, but there are several ways that an ISP can do this. An ISP can: (1) build its own Tier 1 network; (2) connect to an existing Tier 1 network; or (3) connect to another ISP’s network that is itself connected to the Internet backbone.

As described above, owners of Tier 1 networks, including AT&T, offer Tier 1 network access to ISPs, so a potential ISP entrant does not need to build its own Tier 1 network. Accessing a Tier 1 network, either directly or through another ISP, requires a physical connection and a commercial agreement with the Tier 1 network owner — typically a Transit agreement.

The time required to develop these capabilities and enter will vary greatly depending on the access network and the ability to employ existing facilities.
A. Network

An ISP can transport customer data to and from the backbone in a variety of ways. The requirements for these various network approaches are discussed below.

1. Back-End Network

A back-end network is comprised of a system of fiber optic or other transport cables to carry data traffic, and routing equipment to direct traffic and enable ISP network operations and security control. The hardware, software, and expertise required to develop and operate these back-end networks is generally widely available. An ISP may also choose to incorporate servers and other systems into its back-end network to provide additional content and services to its customers, such as streaming video, email, web hosting, and other services.

2. Access Network, or the “Last Mile”

To connect its customers to its back-end network, an ISP must build or acquire access to an access network. An access network can consist of fiber-optic cables extending all the way to customer premises, or it can utilize a wide variety of other technologies to cover the last mile. The following discussion describes types of access networks ISP entrants may build or acquire, and the infrastructure required by each.

a. Fiber-Optic Lines to the Customer: FTTP

An ISP can extend fiber-optic cable to the customer’s premises, which is known as an FTTP network. Some academic, research, and industrial facilities have built proprietary networks using FTTP infrastructure, and many ISPs have built FTTP networks that offer Internet access services to homes and businesses.

FTTP networks are not uniform in terms of their network design or technology, but all
FTTP networks rely on fiber-optic cable to cover the last mile portion of the network. For example, AT&T has launched its “U-verse with AT&T GigaPower” service over its FTTP architecture in Austin and will expand it to Dallas and Fort Worth this summer. AT&T has announced plans to deliver the services to Charlotte, Greensboro, Houston, Nashville, Overland Park (Kansas), Raleigh-Durham, San Antonio and Winston-Salem, and is considering extending it to other major metropolitan areas, including, among others, Atlanta, Chicago, and San Francisco. Google is also building an FTTP network in Kansas City and other areas. In addition, or as an alternative, an ISP might use a metro Ethernet serving architecture, especially to meet the needs of business customers.

b. Connections to Existing Networks

A potential entrant that owns other types of communication infrastructure may not need to build a new physical access network to provide Internet access services. For example, a significant number of households in the U.S. receive Internet access services over legacy voice telephony and cable television networks that have been modified to provide Internet access. These networks make up a substantial portion of certain ISPs’ (e.g., Comcast, AT&T, Verizon) Internet access footprint. There are several types of existing networks a potential entrant may acquire, build, or modify to provide Internet access services.

1) Voice Telephony Networks (DSL)

An ISP that owns a voice telephony network can deliver Internet access over the pre-existing twisted-pair copper wire infrastructure. The family of technologies known broadly as DSL enables two-way broadband data communications over twisted-pair copper wires. DSL continues to be improved, and new variants such as Very-High-Bit-Rate DSL (“VDSL”) and
IPDSL allow for higher broadband speeds.

An entrant seeking to offer Internet access over a voice telephony network can take advantage of continuing advancements in the speeds achievable over twisted-pair copper wire, including the ADSL2 variant of DSL and IPDSL, which relies on Internet Protocol as opposed to the legacy ATM protocol.

AT&T also uses a hybrid VDSL and Fiber system known as FTTN to provide broadband, MVPD, and VoIP in most of its U-verse footprint. By increasing the frequency used to transfer signals over the copper wires, and by using multiple twisted-pairs to carry a single customer’s data, DSL providers can achieve higher speeds.

An ISP entrant may convert a legacy copper-wire voice telephony network to a DSL network by installing devices known as “multiplexers” or “DSLAMs” within the network itself, and by provisioning DSL modems to customer premises. The DSL modem and the DSLAM convert digital data into high frequency analog signals, which are carried by electrical impulses sent over the copper wire, and then converted back into digital information by the DSL modem or DSLAM at the other end of the line.

An ISP entrant seeking to build a DSL access network must install DSLAMs throughout the geographic area covered by the network, and install a sufficient number of DSLAMs to provide a port for every customer DSL line. DSLAM units, depending on how they are configured, can each support many customer line connections. Each DSLAM is in turn connected to the ISP’s fiber-based back-end network.

Each DSL customer needs a modem to access a DSL provider’s network. Third parties such as Motorola manufacture DSL modems that customers can purchase or lease from the ISP.
2) Cable Television Networks

An ISP entrant can also deliver Internet access over co-axial cable networks built for the transmission of cable television (video), or build a new cable network. This type of network is generally referred to as “Hybrid-Fiber-Coax” or “HFC” because the ISP runs the back-end network over fiber, and then transfers the data to the co-axial network for transmission over the last mile to customers’ premises. The technology used to upgrade co-axial networks to provide Internet access services is known as Data Over Cable Service Interface Specification (“DOCSIS”).

As with DSL implementation, upgrading an existing co-axial network requires the ISP entrant to (i) install multiplexer devices (called “cable modem termination systems” or “CMTS”) at centralized locations to route traffic from the co-axial network to the high-speed fiber core of the ISP’s network, and (ii) install third-party manufactured modems at customer premises. Because DOCSIS networks are not subject to the same distance limitations of DSL networks, placement of CMTS is not critical, and generally existing facilities can accommodate it. These networks typically employ RF amplifiers within the network to maintain signal strength over longer distances.

c. Wireless Internet Access Networks

1) Fixed Wireless Local Loop

Wireless technology provides another alternative for completing the last mile. A fixed wireless local loop (“WLL”) uses radio transmission to connect the subscriber to the network service provider. In such a network, the ISP will connect fiber to its back-end network, which in turn connects to cell site antennas that wirelessly transmit the service to individual households.
The ISP will then install a directional antenna and modem at each customer’s home. Sometimes an indoor antenna is sufficient, but, depending on the available signal strength, the customer may need an outdoor antenna. ISPs seeking to offer WLL broadband may build transmission towers, secure space on a building rooftop to cover a local area, or collocate on towers or rooftop sites operated by a tower company, established carrier or other third party. Some companies specialize in leasing tower space to ISPs and telephony providers.

Wireless ISPs may operate over open, unlicensed frequency bands like U-NII (5.3/5.4 GHz) and ISM (2.4 and 5.8 GHz), and over frequency bands subject to license grants from the FCC. Due to differences in propagation characteristics, the frequency band can affect the number and location of towers necessary to serve a particular geographic area. Certain frequency bands are appropriate for different network configurations, service offerings, and to support specific business cases. Most existing licensees are authorized to lease or resell spectrum rights, and the FCC intends to auction and license further additional spectrum in 2014 and in 2015 that can be deployed for WLL networks. Spectrum prices vary and are influenced by several factors, including, among others, demand for and availability of spectrum and the historical price based on previous transactions, such as FCC spectrum auctions.

In addition to AT&T’s commitment to offer WLL services to 13 million largely rural customer locations as a result of its acquisition of DIRECTV, another example of the use of this technology is DISH’s partnership with Sprint to develop a fixed wireless broadband product and to deploy WLL in Corpus Christi, Texas starting in mid-2014. DISH has also announced plans to expand WLL services to other regions. DISH and Sprint will install either a ruggedized outdoor router or an indoor wireless solution at the customer premises to receive TD-LTE signals.
on Sprint’s 2.5 GHz spectrum, which it acquired from Clearwire.

2) Microwave: Local Multipoint Distribution Service (“LMDS”) and Multichannel Multipoint Distribution Service (“MMDS”)

An ISP entrant can also employ Local Multipoint Distribution Service (“LMDS”) or Multichannel Multipoint Distribution Service (“MMDS”) infrastructure to provide Internet access services. LMDS, also known as ultra-high frequency microwave, is a fixed broadband line-of-sight, point-to-multipoint, microwave system, which operates at a high frequency (typically within specified bands in the 24–40GHz range). MMDS operates at a lower frequency than LMDS (typically within specified bands in the 2–10GHz range) and therefore has a greater range and requires a less powerful signal than LMDS. MMDS is also less vulnerable than LMDS to the interference caused by adverse weather conditions that can undermine the quality of the microwave signal.

Unlike the lower frequency cellular systems, LMDS and MMDS both require a line-of-sight between the base station (e.g., cell tower) and customer premise transceivers. Otherwise, the LMDS and MMDS infrastructure is the same as that required for fixed WLL; the core components are a base-station transceiver (transmitter and receiver), a customer-premises transceiver and a customer-premises network interface unit (NIU) or card. For downstream traffic to the customer’s premises, the base station converts the digital bitstream containing voice, data and video information into microwaves that are transmitted to a small antenna on the customer’s premises. The NIU then converts the microwaves back into a digital bitstream and delivers it to the end-user. The process is reversed for upstream traffic.

3) Local Area Wireless (“Wi-Fi”)
Part of the last mile infrastructure an ISP entrant may employ may include Wi-Fi. Wi-Fi networks exist in many public venues, e.g. airports, arenas, downtown areas, retail locations, community centers, etc. ISPs use various business models including fee for access (hourly, daily or monthly subscription), advertising or sponsored access (by the business owner or provider).

Wi-Fi offerings vary greatly, but generally a Wi-Fi provider connects a wireless router to an ISP’s network (its own or that of a partner) and sells access to the Internet access service through communication with that router. Wi-Fi is limited to short range, and is well suited for transient customers who use an individual router for temporary access, such as at a hotel or airport.

4) Satellite

Another way an ISP can provide two-way broadband Internet service is via satellite. This method of service requires the placement of a satellite modem (based on DOCSIS cable modem standards) in the subscriber’s home, which transfers data to an antenna dish placed on the outside of the home. That dish, in turn, sends and receives signals from a satellite in geostationary orbit. The satellite relays the information to and from the subscriber’s dish to terrestrial-based gateways that connect the provider’s network to the Internet. The terrestrial-based gateways are ground stations consisting of large antennas, microwave transmitters and receivers, and other Internet routing and switching equipment. The ISP’s network operations center monitors the entire system.

Providers of satellite Internet service in the United States include WildBlue and HughesNet.
B. Regulatory and Licensing Requirements

Regulatory and licensing requirements for entry into Internet access services vary substantially based on the network technology deployed, the state and local area, and other factors. A new entrant that uses radiofrequency spectrum to deliver Internet access services may be subject to FCC licensing and regulatory requirements, pursuant to the Communications Act of 1934, as amended (the “Communications Act”), and the rules and policies of the FCC. The construction of cell sites also may be subject to additional FCC and Federal Aviation Administration (“FAA”) regulations, including antenna structure registration.

The provision of Internet access services is not regulated as a common carrier service because the FCC has classified Internet access services as “information services” under the Communications Act. However, new entrants may be subject to certain regulatory requirements. For instance, providers of broadband Internet access services are subject to the FCC’s 2010 Open Internet Transparency Rule, which requires ISPs to “publicly disclose accurate information regarding the network management practices performance, and commercial terms of its broadband Internet access services” sufficient that the consumer can make informed choices. This rule applies to advertisements, call center and other communications, and retail presence.

New entrants may also be subject to state and local requirements implicated by the use of public rights of way for cables and other equipment. These requirements, often implemented through “franchise agreements,” can be substantial, and are often unique to the state or locality. Governments can and do impose various business obligations on parties seeking to use the right-of-way that are unrelated to the land use issues themselves — Internet access providers could be required to provide low-cost access to certain constituents, for example. In recent years, a
number of states have passed legislation that centralized control of these agreements at the state
level, simplifying the negotiation and acquisition of franchise agreements for potential entrants.

C. Infrastructure Support

In addition to providing the physical network, an ISP must also have a system in place to
monitor and maintain its network and provide technical support for its customers.

Large scale data networks are complex and subject to numerous points of partial or
potential failure. ISPs generally monitor and maintain their network through a network
operations center (“NOC”), and an ISP must either operate its own NOC or hire a third-party
(such as Alcatel Lucent) to perform network management services.

In addition to the services performed by technicians at the NOC, ISPs conduct regular
physical maintenance on their networks, which can include replacing outdated or damaged
equipment, upgrading software, and other tasks. Most ISPs provide customer technical support,
assist with installation of customer premises equipment (“CPE”), install additional wiring on the
customer’s premises, and other services.

D. Marketing and Sales

The need for marketing services and for sales and distribution resources will vary
considerably depending on the potential entrant’s existing assets and businesses. A new entrant
that is transitioning from related businesses may already have sales and marketing assets. For
example, Google has been able to launch a fully operational broadband and video service
(Google Fiber) within two years of announcing a location as a future “Fiber city.” This rapid
deployment is possible in part because of Google’s practice of building its Fiber network in a
particular area only after a sufficient number of customers sign up for the service, demonstrating
demand for its product. Like any provider of any consumer good or service, an entrant must have some means of communicating its value proposition to its potential customer base, and then selling and delivering its service to its customers.

E. Resale Entry (“Virtual ISP”)

An entrant can also make Internet access available to its customers without investing in a network of its own by reselling the Internet access services provided by another ISP.

F. Minimum Viable Scale and Capital Requirements

AT&T is not aware of any “minimum viable scale” as it applies to entry into Internet access services. An ISP can employ a wide variety of technical and business models, and accordingly can operate at varying scale. On one hand, the nation’s largest ISP, Comcast, earns over $10 billion per year from its broadband business and has over 20 million broadband subscribers. On the other hand, Rock Island Technology Solutions operates an ISP out of Friday Harbor, WA (population: 2,287) and provides Internet access to residents of the San Juan Islands.

An ISP does not have to operate on a nationwide scale (indeed, no wireline ISP does so today); a provider could begin in one area and expand over time — for example, a number of Internet access providers (including AT&T and Verizon) offer Internet access services in limited geographic areas.

The minimum viable scale varies by provider, and depends on the provider’s capital investments, cost structure, and revenue model. Generally speaking, a new entrant would seek to secure a sufficient number of subscribers to cover fixed costs associated with entry and ongoing operational costs, such that the business generates a positive EBITDA and provides sufficient
free cash flow to achieve a return on invested capital that is consistent with the entrant's business plan. However, depending on available public and private investment capital, strategic partnerships, and other considerations, an ISP management team may choose to forego positive cash flow for a significant period of time in favor of growth, infrastructure investment, and the development of customer relationships and brand equity.

A provider’s capital requirements will depend on the business plan, financial resources, and infrastructure of the provider. The capital expenditures will also depend on the existing infrastructure, if any, already possessed by the provider.

The capital requirements of each ISP structure and technology are discussed above. Despite these variables and regardless of the approach taken, a new Internet access provider would typically have capital expenditures in the following categories: (1) construction and engineering, (2) network planning and engineering, (3) Internet backbone access, (4) corporate real estate, (4) last mile infrastructure construction or acquisition, and (5) information technology. In addition, acquiring modems and other customer equipment may require capital, although the provider can generally recoup some of that expense over time through equipment leasing fees. Because of the wide variation, it is not possible for AT&T to estimate the actual cost.

In addition, providers using wireless technology for the last mile over licensed spectrum have to acquire licenses for spectrum use. Spectrum costs are difficult to assess because the market value for spectrum varies significantly. Among other factors, due to potential sources of interference and proximity to a carrier’s existing spectrum, spectrum prices are affected by the relative location within the band. In addition, the relative cost of spectrum tends to be lower in
less populated areas where more underutilized spectrum tends to be available.

III. MVPD Services

As with Internet access services, the requirements for entry in MVPD services vary significantly depending on the existing assets, infrastructure, and business plan of the potential entrant. Generally, the provision of an MVPD service requires (A) a distribution network, (B) CPE, (C) programming content, and (D) supporting business operations.

A. Distribution Network

An MVPD provider needs to deliver services over a network to which its customers connect either physically or by radio link. The specific elements of the network infrastructure needed for an MVPD service will depend on the provider’s business plan, existing assets, and geographic reach. Generally, wireline network infrastructure sufficient to provide an MVPD service are the same network types outlined above for the provision of an Internet access service. Although an MVPD network need not provide the same level of two-way communications as an Internet access network, a two-way network allows an MVPD provider to offer expanded, interactive services such as VOD. Moreover, MVPD services must be supported by a consistent downstream feed to enable video. As a result, MVPD and broadband Internet services are frequently provided over the same network.

For some MVPD providers, the minimum speed required for an Internet access network to carry MVPD services depends on the quality of service offered and various technical considerations. For example, AT&T offers MVPD service only on networks [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] On those networks, AT&T offers up
to 470 channels, including 190 HD channels. In contrast, because co-axial cable networks utilized by cable providers were purposefully built to provide MVPD services, all such networks are capable of providing MVPD services.

As with ISP entrants, an MVPD entrant must build or have available to it a back-end network that carries large volumes of aggregated data and an access network that delivers individual customer data streams to customer premises. An MVPD entrant must also provide video content and obtain licenses for such content from content providers, or acquire or create exclusive content. The MVPD physically acquires content through a combination of satellite transmission (for national and foreign programming), and fiber cable transmission (for regional and local programming).

Although the specific architecture of an MVPD back-end network can vary based on the geographic size and structure of the service, the content and services provided, existing legacy networks and other facts, an MVPD using wireline infrastructure would typically invest in a network of national offices, regional head-end facilities, intermediate offices, central offices, and neighborhood nodes.

MVPD providers must also develop and install a middleware platform to provide MVPD services. Middleware is an end-to-end software platform that services the network and facilitates the operation of the MVPD service. A provider can acquire middleware from third parties (such as Ericsson) or, as some MVPDs have done, develop a proprietary middleware platform.

B. Regulatory and Licensing Requirements

Regulatory and licensing requirements for MVPDs vary substantially based on the network technology deployed, the state and local area, and other factors. Generally, MVPDs
may be subject to certain provisions of the Communications Act, the rules and policies of the FCC, and federal copyright laws and regulations. As discussed above with respect to ISPs, wireline MVPD entrants further may be subject to state and local requirements for the use of public right-of-ways and may be required to obtain state or local franchise agreements.

C. Customer Premises Equipment

The specific CPE necessary to provide service to a customer location will vary based on the network technologies employed, the MVPD services offered by the provider, and the services ordered by the customer. Generally, the provider installs equipment that makes the MVPD signal available to the customer in a form that the customer can connect to televisions, set-top boxes, computers, and other consumer devices.

If a new MVPD entrant chooses to provide MVPD service via DBS, the customer must attach a satellite dish to the premises to receive video from the satellite. In addition to the NID or satellite dish, MVPD providers rely on a set-top box ("STB") to deliver programming to the customer premises. The requirements of the STB will vary based on the business plan and network architecture of the provider. The STB may be wired or wireless, and may or may not have Digital Video Recorder ("DVR") capability that allows the recording or pausing of live television for later playback. The STB connects directly to televisions through High-Definition Multimedia Interface ("HDMI"), Component Video Input, S-Video, Composite, or Coaxial cables. Audio can be output over HDMI, Optical, or RCA cables to the television or a receiver.

D. Content

The content required to provide MVPD services depends on customer demand and the MVPD’s business model. MVPDs generally offer content from the major national broadcast
networks (NBC, CBS, ABC, Fox) as well as various other content, such as cable networks HBO, ESPN, and CNN. MVPDs license this content from rights-holders such as Comcast (NBCUniversal), Time Warner, Viacom, and The Walt Disney Company. MVPDs can obtain local and broadcast “network” content from local broadcast stations. Federal law governs the retransmission of local broadcast content in this fashion.

Each MVPD individually negotiates with content providers, with content costs generally being inversely proportional to the size of the subscriber base—all things being equal, MVPDs with more subscribers offer higher total value to programmers, and thus generally pay lower per-subscriber rates for content. Moreover, with the most popular content increasingly concentrated in the hands of a few companies (including those affiliated with some of the largest MVPDs), those suppliers have used their leverage to demand higher and higher fees with each passing year.

E. Business Operations

Providing MVPD service, like offering any type of service, requires a supporting business infrastructure, including: corporate staff and facilities to manage the business; marketing and sales staff and facilities to help build awareness of the service and sell it; customer service staff and facilities to handle billing and customer care; and service technicians to either install customer service equipment or provide technical support.

The costs of building the necessary operational infrastructure for an MVPD can vary depending on whether the MVPD has existing business operations that it can utilize. For example, marketing and distribution costs are likely to be lower if a provider already has a subscriber base for an Internet or mobile phone service. A provider may also contract with one
of several third parties that provide outsourced services for areas such as billing and customer support (such as Convergys or TeleTech). In addition, service technician expenses may be lower depending on the customer premises equipment employed, i.e., whether self-installation is possible.

F. Minimum Viable Scale and Capital Requirements

AT&T is not aware of any “minimum viable scale” as it applies to entry into MVPD service. An MVPD can employ a wide variety of technical and business models, and accordingly can operate at varying scale. An MVPD need not operate on a nationwide scale; a provider could begin in one area and expand over time. For example, a number of cable companies and telecom MVPD providers (including AT&T and Verizon) offer MVPD services in limited geographic areas.

The minimum viable scale varies by provider, and depends on the provider’s capital investments, cost structure, and revenue model. Generally speaking, new entrants seek to secure a sufficient number of subscribers to cover fixed costs associated with entry and ongoing operational costs, such that the business generates a positive EBITDA and provides sufficient free cash flow to achieve a return on invested capital that is consistent with the entrant’s business plan. However, depending on available public and private investment capital, strategic partnerships, and other considerations, an MVPD management team may choose to forego positive cash flow for a significant period of time in favor of growth, infrastructure investment, and the development of customer relationships and brand equity.

A provider’s capital requirements will depend on the business plan, financial resources, and infrastructure of the provider. The capital expenditures required will also depend on the
existing infrastructure, if any, already possessed by the provider. Despite these variables and regardless of the approach taken, a new MVPD provider would typically have capital expenditures in the following categories: (1) construction and engineering, (2) network planning and engineering, (3) video network, (4) corporate real estate, (4) last mile build, and (5) information technology. In addition, CPE is an upfront cost, although the provider can generally recoup some of that expense over time through equipment leasing fees. Because of these variations, AT&T cannot estimate the actual cost.

In addition, providers using wireless technology for the last mile over licensed spectrum have to acquire licenses for spectrum use. The cost implications for spectrum for MVPD providers are the same as those discussed above for ISPs.

IV. **Online Video Distributors (OVDs)**

Over the past ten years, the expanding multi-platform OVD marketplace has grown to reflect an array of monetization models, user and provider scales, and content options. Generally, OVDs, or “over-the-top” video providers, need not make substantial investments in network infrastructure in order to deliver content to their customers. OVDs generally deliver video content to end users over existing networks built and maintained by ISPs and Tier 1 networks.

The requirements for launching an OVD service vary substantially depending on the business plan and existing assets of the potential entrant. For OVD entrants, it is possible to achieve entry by outsourcing to third parties the development and management of many of the services and physical infrastructure necessary to deliver online video content. OVD entrants today benefit from the growing affordability and prevalence of cloud-based data storage and
customizable third-party technical platforms. The relatively modest capital expenditure requirements and the ability to outsource to third-party video technology firms aspects of the necessary operational services mean that an emerging OVD can enter without building significant new infrastructures. An OVD that wishes to build and manage its own data facility, technical platform, and team of engineers may require additional capital and physical infrastructure.

A. Physical Infrastructure

1. Data Centers/Networks/Servers

OVDs host video content on servers located in data centers, which OVDs can own or can lease from third parties. An OVD entrant that elects to own and operate its data center may need to invest in additional space, hardware, power, cooling, and maintenance depending on the size of its digital library and customer base.

Entry into the OVD marketplace generally does not require large up-front capital investments in on-site hardware such as servers, storage arrays, networks, and specialized software. Today, the growing prevalence and accessibility of cloud-based data storage has reduced the need to build, own, operate, and maintain proprietary servers. Through cloud-based data solutions like Amazon Web Services (AWS), Google Cloud Platform, Microsoft Azure, and Rackspace, mature and nascent OVDs alike can “lease” the physical storage space for petabytes of data in an accessible and scalable fashion.

For example, Netflix ceased operation of its own data center in 2010, partnering instead with AWS for infrastructure services, data storage, and video content delivery. While Netflix is a major AWS customer, AWS’s cloud-based service has no minimum fee; an OVD entrant need
only pay for the storage space that it uses. Such cloud storage services eliminate the need for smaller-scale OVDs to over-provision capacity to account for spikes in traffic and growth of their digital content libraries and customer base. Simply put, the availability of cloud services eliminates the need for OVD entrants to incur significant capital expenses associated with proprietary data storage and related infrastructure.

2. Content Delivery Network

Before reaching the end user, an OVD’s video content is typically transcoded from its storage site, and a third party can upload to a Content Delivery Network (“CDN”). While CDNs are not necessary to deliver OVD content, they may enhance the quality of the consumer’s OVD experience, particularly when the OVD is experiencing high volumes of traffic. The CDN routes content over the Internet to the ISP network, which ultimately delivers the content to the end-user. CDNs ensure efficient transmittal of data by using established commercial relationships with transit providers and ISPs to route traffic to OVD subscribers.

An OVD entrant can elect to transmit its data over one of many CDNs. For example, customers of Amazon’s cloud computing service (AWS) can choose to use Amazon’s CDN, Amazon Cloudfront, to send data to ISPs (although these OVDs are not limited to using Amazon’s CDN).

B. Technical Facilities and Business Operations for OVDs

In addition to data storage, the delivery of online video content generally requires an online video hosting platform. As with networking and data storage solutions, OVDs no longer need to invest significant amounts of capital to build their own secure technical platform for video delivery. Many third-party video technology firms, such as Brightcove, Ooyala, Kaltura,
and Limelight, offer full-service, customizable technical platforms for the secure delivery of online video content. These same companies also offer integrated cloud-based data storage for the underlying video content. For a monthly fee, OVDs subscribing to one of these video services can deploy a highly customizable technical platform for multi-device video delivery. In addition, these video services typically provide a suite of business operational tools to facilitate content management, data analytics, advertising solutions, and monetization for OVD providers.

These third party video solutions allow OVDs to economically and efficiently transcode large video libraries into formats that are compatible across myriad devices and platforms, all without any investment in hardware encoders. Third-party video solution services also facilitate the compression and delivery of OVD video content in both Flash and HTML5 across the landscape of OVD-ready devices, including smartphones, tablets, smart TVs, and PCs. Services like Brightcove and Ooyala facilitate the creation of apps that their OVD clients customize for their end users. Often, these apps have built-in tools enabling targeted advertising, complex analytics, subscription management, audience measurement, social media sharing capabilities, and support for free integration with OVD set-top boxes (such as Roku).

An OVD entrant may desire security features, including encryption, digital rights management, and geographical, time-based, and user-based access restrictions, to help prevent unauthorized use of protected OVD content. An OVD entrant can develop these security features by employing or acquiring an in-house engineering team, or outsourcing to a third party. These security features are widely offered as part of the standard service packages of many third-party video technology firms. The cost of these features may depend on the OVD’s revenue or the size of its subscriber base.
C. Content

1. Content Options

Like MVPDs, potential OVD entrants must acquire content to offer customers. An OVD entrant can choose from among a number of content options, including proprietary content, licensed third-party content, or other content available at no cost. Proprietary content refers to original programming produced and/or owned by the OVD itself (e.g., Netflix’s House of Cards or Amazon’s Alpha House). Licensed content requires an OVD to negotiate contractual license agreements with third-party content providers. License agreements can be nonexclusive, meaning the content provider licenses its content to a number of OVDs, or exclusive, meaning one OVD is the sole service with a license to stream the video content. OVDs can also stream freely available content, such as user-generated videos available on YouTube. Finally, OVDs can cater their video content to a general audience—like general interest OVDs such as Netflix and Hulu—or to audiences with niche interests, like the comedy website Funnyordie.com.

2. Content investment

a. Third-party Content

Broadly speaking, OVDs can partner with third-party content providers to license streaming rights for video content. Content providers include film studios, television networks, and video content portfolios. OVDs often must acquire license agreements on a regional or country-by-country basis because of content owners’ varying platforms and “wait-time” windows across different regions. Content providers can also determine the devices through which programming will be available; for instance, some Hulu programming content is only available for viewing from a computer browser and not on Hulu Plus mobile or TV devices.
b. Proprietary (Exclusive) Content

An OVD entrant’s capital requirements associated with an investment in proprietary content will vary considerably depending on the desired content. Professionally produced proprietary content is more costly to develop and produce than other types of content. OVDs such as Netflix, Amazon Prime, and Hulu offer such content. For example, there are public reports that producing House of Cards (a program produced by and exclusive to Netflix) and Orange is the New Black (another Netflix-produced program) each costs Netflix in the order of $50 to $60 million per 13-episode season. However, an entrant may invest in lower-cost proprietary content that can also have commercial viability. For example, Funny or Die (an OVD) streams content that is of lower production value than content offered by Netflix or Hulu.

c. User-generated Content

An OVD entrant may also launch an OVD service based entirely or in part on user-generated content. Generally, acquiring user-generated content requires minimal costs, though some video-uploading users are compensated. For instance, YouTube allows select account holders to create “paid channels” in which the account holders can require users to pay to view the content.

D. Sales and Marketing

To acquire customers, an OVD entrant is required to make investments in sales and marketing. There is a range of online marketing and customer acquisition tools available to OVD entrants, including search engine optimization and marketing, social media campaigns, and user-

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generated and blog-based reviews and articles. Ultimately, the level of investment in sales and marketing varies depending on the OVD’s business model and advertising choices.

E. Minimum Viable Scale

AT&T is not aware of any “minimum viable scale” as it applies to entry into OVD services. An OVD can enter with minimal scale. As explained above, OVDs span the spectrum from those with user-generated and low production value content to OVDs that offer high-production value content (both proprietary and licensed) across a variety of devices and in a number of regions across the globe. Third-party advertising services like Google Adsense or AdMob connect nascent OVDs with online advertisers, thereby facilitating the generation of a revenue stream without requiring the OVD first to develop a paying subscriber base. OVD consumers only need an Internet connection and one of many OVD-ready devices, such as a PC, a smartphone, a tablet, an OVD set-top-box (like Roku or Apple TV), or an OVD-enabled Blu-ray player.

Further facilitating entry is the ease with which OVDs can partner with third parties that together, or in some cases individually, provide the full suite of services and the limited infrastructure required to operate an OVD service: cloud-based data storage, CDN connectivity, technical platform development, integration of advertising content on the OVD entrant’s chosen platform, and business operations management (e.g., advertising, social networking, and device integration solutions). With these services, an OVD entrant can package its service “off the shelf” and enter in a relatively short time frame, with limited upfront costs, and without first establishing a minimum scale subscriber base.

An OVD may seek to turn EBITDA-positive and to generate positive free cash flow
sufficient to generate a return on invested capital. However, depending on available public and private investment capital, strategic partnerships, and other considerations, an OVD management team may choose to forego positive cash flow for a significant period of time in favor of growth, infrastructure investment, and the development of customer relationships and brand equity.

F. Regulatory and Licensing Requirements

The FCC’s Media Bureau has made a ruling on a preliminary procedural motion that suggested that OVDs are not “MVPDs” under the Communications Act, but also has released a Public Notice asking for comment on whether and to what extent OVDs should be considered “MVPDs” for regulatory purposes.\(^76\) OVDs are subject to federal copyright laws and may be subject to certain FCC regulatory requirements, such as the obligation to caption certain video distributed via Internet Protocol.

G. Possible New Entrants

To respond to this request, AT&T searched publicly available information for potential new OVD entrants. AT&T understands that the following entities have undertaken efforts, or have made announcements about their intention, to launch an OVD service in the near future: (1) Comcast together with Apple; (2) DISH Network; (3) Sony; and (4) Verizon. This is not, by any means, an exhaustive list and is limited to the possible entry of larger entities, which are the focus of publicly available information. Given that OVD entry typically requires fewer resources than entry into the provision of the other Relevant Services—and sometimes can require very little resources in the absolute sense—AT&T expects that there are many other

entities planning to offer new OVD services in the near term.

26. REQUEST:

Produce all documents relating to the Company’s pre-Transaction and post-Transaction plans relating to any Relevant Service in the Relevant Area, including, but not limited to, business plans; short-term and long-range strategies and objectives; budgets and financial projections; expansion or retrenchment plans, including any plans to encourage adoption of the Company’s FTTP video service; research and development efforts; plans to better manage Relevant Services (e.g., plans to close, consolidate, or rationalize any facility or to discontinue the provision of any Relevant Service); presentations to management committees, executive committees, and boards of directors; plans to reduce costs or to improve services or service quality, introduce new services or manage communications security and reliability risks; plans to deploy Wireless Local Loop (WLL) services, FTTP or GigaPower services; plans to upgrade existing services, including any U-verse upgrades; plans to switch build-out of FTTN to build-out of FTTP; plans to increase Internet Access Service speeds by provisioning MVPD Service through DBS rather than over the Company’s network; and plans to provide any Relevant Service using WiFi technology. For regularly prepared budgets and financial projections, produce one copy of final year-end documents for 2012 through 2013 and cumulative year-to-date documents for 2014.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

Exhibit 26.1 is a copy of the regularly prepared budget and financial projection for 2012 and 2013 and cumulative year-to-date for 2014.

27. REQUEST:

Provide a copy of each (a) Nielsen Co. report; (b) ComScore report; (c) Centris report; and (d) any other third-party report relating to MVPD Service, Video Programming or OVD usage regularly used by the Company, and all research using any of these reports.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.
28. REQUEST:

Identify each Programming Network owned by, operated by, or managed by the Company, or in which the Company holds an Attributable Interest, by stating the information requested by the subparts to this Request, and provide the date and details of any changes to that information:

a. the nature and percentage of the Company’s Attributable Interest;

b. the identity of and percentage owned by each other Person who holds an Attributable Interest;

c. the date the Programming Network was launched, and if acquired from another entity, the date the Programming Network was acquired and from whom the Company acquired its interest;

d. the nature and extent of the Company’s role in management, including whether the Company has any board representation, management rights, voting rights, and/or veto power, supermajority, or other investor protections; and

e. for each DMA in which the Company distributes the Programming Network, identify the DMA and provide the total number of the Company’s subscribers that receive the Programming Network in such DMA.

RESPONSE:

AT&T owns and operates two types of programming services that are delivered only to AT&T customers. As described in response to Request No. 44, AT&T does not consider these services to be “programming networks.”77 Responsive information about these programming services is provided in Exhibit 28.a-e. The Exhibit identifies these services and, for each, provides the date of launch and the number of subscribers in each DMA served by AT&T that receive it.

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77 AT&T owns an interactive channel called Country Deep that offers short-form country music-related content. It also owns six “barker” channels, which are used to promote other content that is available to U-verse IPTV subscribers.
29. REQUEST:

For each Programming Network identified in response to Request 28, state separately, and produce in CSV or Excel format, for each month from January 1, 2012, to the present:

a. the identity of any MVPD or OVD that carries the network, and for each such distributor state (i) the total and per subscriber license fee paid by the distributor to the Company; (ii) the total number of the distributor’s subscribers that receive the network; (iii) the number of minutes per hour granted to the distributor for local advertising sales; and (iv) the tier on which the network is carried;

b. for all MVPDs or OVDs carrying the network combined, state (i) the total per subscriber license fees and average per subscriber license fees paid to the Company; (ii) the total number of subscribers that receive the network; and (iii) the average number of minutes per hour granted to distributor for local advertising sales;

c. the average gross advertising revenue per subscriber and the average net advertising revenue per subscriber and an explanation of how these values were calculated;

d. the identity of each OVD, including but not limited to Apple, Amazon.com, Google, Netflix, Hulu, and the Company, that publishes, sells, or distributes, in whole or part, content produced or distributed by the Programming Network, and the total fees paid by the OVD to the Company for the right to distribute such programming; and

RESPONSE:

AT&T does not distribute the programming services identified in response to Request No. 28 to other MVPDs or OVDs, and thus Request Nos. 29.a-d are inapplicable to AT&T.

e. the identity of all Video Programming that the Company maintains is a close substitute for the programming carried on the Company’s Programming Networks and the programming for which the identified Video Programming is a substitute.

RESPONSE:

As described in response to Request No. 44, AT&T does not consider these services to be
“Programming Networks.” Responsive information about the two types of programming services that are delivered only to AT&T customers is provided in Exhibit 29.e.

30. REQUEST:

Identify each instance where an MVPD has threatened to raise, or has raised, a program access complaint as a means to obtain the right to distribute the Company’s programming, including VOD or PPV, and separately for each type of Programming Network (standard or high definition), describe:

a. the nature of the dispute or issue;

b. the parties involved; and

c. how and whether the dispute or issue was resolved. To the extent the dispute was settled, explain whether the settlement required the Company to provide program access to the complaining party, and provide all documents relating to each such settlement.

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

31. REQUEST:

Describe and produce all documents relating to plans by the Company for the potential development of new Company-affiliated Programming Networks and/or the acquisition of any interests in Programming Networks and the programming planned for any such networks.

Documents responsive to this Request are included in AT&T’s document production.

In further answer, AT&T states that the Houston Regional Sports Network, L.P. (“Houston RSN”), The Houston Astros, LLC, and Rocket Ball, LTD. are sponsoring a reorganization plan for Houston RSN in the United States Bankruptcy Court for the Southern
District of Texas. Pursuant to the reorganization plan, AT&T Teleholdings, Inc. will acquire 40 percent ownership and DIRECTV, LLC will acquire 60 percent ownership of the reorganized Houston RSN. Houston RSN’s programming includes games of the Houston Rockets and Houston Astros.

The confirmation hearing on the plan is scheduled to begin in the bankruptcy court on October 2, 2014. If the plan is approved, it will become effective 30 days after the date of approval. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
Finally, AT&T refers the Commission to AT&T’s response to Request No. 44 for further information.

32. REQUEST:

Identify all sports teams, leagues, and other organizations with which the Company (or a network in which the Company has an Attributable Interest) has a contract granting distribution rights in the United States, and for each one state:

a. the official name of the team, league, or organization, the sport played, and its home venue;

b. the term of the contract that grants the right to distribute the Sports Programming in the United States and whether the Company has a right of first refusal;

c. the geographic area in which the Company has rights to distribute the Sports Programming;

d. the percentage of total game events entitled to be distributed live under the agreement and the percentage for which the live distribution rights are exclusive to Programming Networks or MVPD Service in which the Company has an interest;

e. any plans to begin distributing game events in the United States; and
f. whether the Company is currently distributing or not distributing this Sports Programming.

RESPONSE:

Exhibit 32.a-f contains information responsive to Request Nos. 32.a-f. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] Exhibit 32.a-f provides the requested information for these services. The Exhibit provides: (1) the official name of the team, league, organization; (2) the sport played; (3) the home venue;\(^78\) (4) the term of the relevant contract; (5) the geographic area in which AT&T has the right to distribute the Sports Programming; (6) the percentage of the total game events entitled to be distributed live under the agreement;\(^79\) and (7) information on whether AT&T is currently distributing or not distributing this Sports Programming.\(^80\)

33. REQUEST:

Provide all documents relating to each agreement between the Company and any U.S. professional or college sports team or league that conveys the right to distribute the team’s or league’s games or other content in the United States. Include any contract entered into since January 1, 2014 that allows for distribution as a part of any

\(^78\) [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

\(^79\) AT&T was unable to calculate the percentage of games it was entitled to distribute live for three of these agreements.

\(^80\) [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
Programming Network in which the Company has an ownership, controlling or Attributable Interest, or as Video Programming on the Internet, whether distributed via MVPD Service or by an OVD, and produce all documents relating to negotiations of the contracts produced in response to this Request.

RESPONSE:

Documents responsive to the Request for each agreement are included in AT&T’s document production. Tab 1 of Exhibit 47.a-f includes a list of all AT&T agreements. AT&T’s response to the request for “all documents relating to” these agreements is included in AT&T’s document production.

34. REQUEST:

As of June 30, 2014, identify each RSN in which the Company has an Attributable Interest and for each RSN identified, state:

a. the primary DMA in which the RSN is distributed;

b. the average license fee revenue per subscriber (excluding out of market subscribers);

c. the average gross and the average net advertising revenue per subscriber (excluding out of market subscribers) and an explanation of how these values were calculated; and

d. the number of subscribers (excluding out of market subscribers) to the RSN, separately for each MVPD that distributes the RSN.

RESPONSE:

AT&T [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
35. REQUEST:

Provide the Company’s two most recent agreements, including all attachments and amendments thereto, for distribution of each RSN in which the Company holds an Attributable Interest to any MVPD or OVD.

RESPONSE:

AT&T [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

36. REQUEST:

Provide all strategic plans, policies, analyses, and presentations prepared for, presented to, reviewed by, discussed by, or considered by the Company’s board of directors or the Company’s executive management, or any member thereof, regarding the modification or termination of exclusive or non-exclusive Sports Programming distribution arrangements, or regarding entering into new exclusive or non-exclusive Sports Programming distribution arrangements.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

37. REQUEST:

Identify all arbitration proceedings for which the Company has received a notice to arbitrate with respect to an RSN. For each notice, describe:

a. the nature of the dispute (for instance, first time or continuing carriage);

b. the parties involved; and

c. how and whether the arbitration was resolved.

RESPONSE:

AT&T [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]
38. REQUEST:

Provide all documents relating to deliberations and decisions to launch or acquire new RSNs.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

39. REQUEST:

Provide all documents, including internal and external analyses, regarding the value and/or benefits of acquiring DIRECTV’s rights to distribute Video Programming associated with the NFL Sunday Ticket.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

40. REQUEST:

For each channel of Video Programming the Company distributes, including regionally distributed programming such as RSNs, in addition to nationally-distributed programming, separately for each month from January 1, 2012 to June 30, 2014 state and provide in CSV:

a. the name of the channel;

b. the number of the Company’s subscribers whose MVPD programming packages include the channel; and

c. the total and per subscriber fee paid by the Company for the channel.

RESPONSE:

Pursuant to discussions with Commission staff, AT&T’s response to this Request does not include information separately for business subscribers except as expressly provided below.
Exhibit 40.a-c is a CSV file that provides information responsive to Request Nos. 40.a-c. These data are provided, by month, from January 2012 through June 2014, for each channel.\textsuperscript{81}

Columns A and B provide the channel call letters and descriptive name (as maintained in AT&T’s systems). Many channels have an HD feed in addition to the SD feed. In addition, some channels have a “West” feed in addition to the “East” or nationwide feed. Columns C and D identify whether the channel is an HD feed or includes a West feed.\textsuperscript{82} Columns E and F provide the year and month. Column G provides the average number of subscribers whose MVPD programming packages include each channel in each month. Column H provides the total fee paid by AT&T for each channel.\textsuperscript{83} Column I provides the per subscriber cost for each channel.\textsuperscript{84}

\textbf{AT&T [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]}

\textbf{[END AT&T HIGHLY CONFIDENTIAL INFORMATION]} many of the channels listed in Exhibit 40.a-c. For example, AT&T may purchase a bundle of channels from

\textsuperscript{81} The Exhibit provided in response to these Requests reflects AT&T’s best efforts to conform the information AT&T maintains in the ordinary course of business to the ways in which the data were requested.

\textsuperscript{82} The designation of “YES” in Column C designates an HD Channel. The designation of “1” in Column D designates the existence of a West coast feed.

\textsuperscript{83} To provide these data at the level of data requested, \textbf{[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]}

\textbf{[END AT&T HIGHLY CONFIDENTIAL INFORMATION]}

\textsuperscript{84} The per subscriber cost is equal to the total fee paid divided by the average number of subscribers for each month. The average number of subscribers is equal to the average of the number of subscribers at the end of each month and at the end of the previous month. Where a channel has both an East and West coast feed, the average subscriber count is the combined number of unique subscribers to the East and West coast feeds. The same approach was used for HD feeds.
the same supplier and, in such instances, AT&T’s [BEGIN AT&T HIGHLY
CONFIDENTIAL INFORMATION]
Column A provides the DMA. Columns B and C provide the name and network affiliation of the local television station. Many local channels have an HD feed in addition to the SD feed. Column D identifies whether the channel is an HD feed. Columns E and F provide the year and month. Column G provides the average number of subscribers whose MVPD programming packages include each channel in each month. Column H provides the total fee paid by AT&T for each channel. Column I provides the per subscriber cost for each channel.

85 The Exhibit provided in response to these Requests reflects AT&T’s best efforts to conform the information AT&T maintains in the ordinary course of business to the ways in which the data were requested.

86 To provide these data at the level of detail requested.

87 The per subscriber cost is equal to the total fee paid divided by the average number of subscribers for each month. The average number of subscribers is equal to the average of the number of subscribers at the end of each month and at the end of the previous month. Where a channel has both an SD and HD feed, the average subscriber count is the combined number of unique subscribers to these feeds.
42. REQUEST:

List all requests for program carriage, specify which program carriage requests were approved and which were denied, and for each state, and provide all documents relating to:

a. the date of the request and the reasons why each Programming Network request was approved or denied;

b. the genre type of each Programming Network (i.e., children’s, news, Spanish language, etc.);

c. the tier and neighborhood placement for Programming Network granted carriage;

d. whether the inclusion of the Programming Network resulted in any adjustment or modification to the price for the tier on which such programming is carried; and

e. whether any carriage agreement into which the Company has entered during the last three years has resulted in a change in tier placement for the subject network in any geographic area covered by the agreement.

RESPONSE:

Exhibit 42.a-e lists requests for program carriage that AT&T has received since January
The Exhibit identifies each party that requested carriage, and for each includes (a) the date of the request; (b) whether it was approved or denied; (c) the genre type; (d) the tier or neighborhood placement; and (e) whether any of the agreements AT&T approved resulted in a change in tier placement. Documents responsive to this Request are included in AT&T’s document production.

With respect to whether the inclusion of the Programming Network resulted in any adjustment or modification to the price for the tier on which such programming is carried, AT&T

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

AT&T does not in the ordinary course of business track by genre type. To respond to this request, AT&T has provided the most applicable genre type.

The Exhibit includes the tier and neighborhood placement only for those channels that were added as a result of the request. Where applicable, AT&T included the appropriate channel island for each tier and neighborhood placement.

The Exhibit includes the entry “Not Applicable” for program carriage requests that AT&T denied.
43. REQUEST:

Provide all documents relating to the Company’s Video Programming carriage decisions, including (a) decisions whether to carry a specific channel or programming; (b) decisions regarding on what tier a particular programming channel will be placed; (c) the value each channel contributes to the Company’s MVPD Service and that value’s impact on the price the Company charges; (d) any disputes the Company has had regarding carriage decisions that resulted in the removal or threatened removal, either temporarily or permanently, of existing programming from carriage; and (e) customer surveys, market tests, and research relating to the programming at issue.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

44. REQUEST:

Describe, and submit all documents relating to, the Company’s launch of, or attempt to launch, any Programming Network.

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

CONFIDENTIAL INFORMATION] offer two types of programming services to its own U-verse IPTV subscribers: (1) six “barker channels” primarily composed of promotional material touting content that is available elsewhere on AT&T’s U-verse IPTV service; and (2) an interactive service called Country Deep that allows subscribers to select and play short-form country music-related content. AT&T does not consider either of these programming services to be Programming Networks as that term is used in the ordinary course of its business, or under the
FCC’s definition, but sets forth responsive information about each of them below.

AT&T has launched the following six barker channels: (1) AT&T U-verse Buzz on November 27, 2006, which features behind-the-scenes footage of popular television shows and entertainment events; (2) AT&T U-verse Front Row on November 27, 2006, which features information about upcoming PPV events, including athlete press conferences and interviews; (3) AT&T U-verse Theatre on November 27, 2006, and rebranded as U-verse Movies on June 1, 2011, which features behind-the-scenes footage, movie trailers, and freeviews; (4) AT&T U-verse Attention Channel on November 16, 2008, which provides general information about U-verse IPTV services; (5) AT&T U-verse Sports on November 19, 2009, which features content promoting sports programming; and (6) U-verse Showcase on August 1, 2011, which features high-definition content. AT&T’s barker channels are similar to corresponding channels on other MVPD systems that promote and encourage pay TV subscribers to watch the content offered elsewhere on the pay TV service, including content available on premium channels, PPV, and on a VOD basis. Barker channels are not meant to be a content destination for subscribers.

AT&T’s barker channels are not [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

AT&T also launched, in June 2013, an interactive service called Country Deep that offers short-form country music-related content. This channel allows a subscriber to select from
individual or pre-selected “play lists” of music videos and other short-form content—such as interviews of performers, concert footage, or “behind the scenes” videos—that then play as a “loop” on the channel. If no content is selected, the channel loops a pre-selected sequence of the videos of the type offered on the Country Deep channel, from which subscribers may select. The Country Deep channel is not [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

Documents responsive to this Request are included in AT&T’s document production.

45. REQUEST:

Provide all documents relating to plans, analyses, assessments or consideration of plans to modify, terminate, or enter into exclusive programming distribution arrangements in the United States.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

46. REQUEST:

Provide a list of and produce a copy of all agreements between the Company and any other Person for distribution of any Video Programming carried by the Company’s (a) MVPD Service and (b) OVD service, and in each case produce all documents relating to each agreement that was effective at any time during January 1, 2012 to June 30, 2014.

RESPONSE:

AT&T’s list of distribution agreements for Video Programming for MVPD and OVD services is included in the response to Request No. 47, below. Documents responsive to this Request are included in AT&T’s document production.
47. REQUEST:

Identify each agreement the Company has entered with another Person through which the Company acquires Video Programming from another Person or licenses another Person to distribute the Company’s Video Programming, that contains any of the following provisions: (i) any price-related or non-price related Most Favored Nation clause; (ii) any exclusive rights to distribute the programming; (iii) any limits on the further distribution of the programming that is the subject of the agreement either temporally, such as through the use of windows, or by another Person or class of similar Persons; (iv) any limits on the further distribution of the programming on another platform; (v) any rights to obtain, or limits on the distribution of, additional programming whether or not such programming was in existence at the time the agreement was entered into; and (vi) any provision relating to the authentication of Users, including any limits on Video Programming distributors that impact their ability to authenticate the identity of a User for the purpose of delivering additional data to advertisers, and any provision that concerns the extent to which access to the set-top box impacts the ability of any Person to authenticate Users, for example through the operations of apps; and (vii) any other provision that impacts the way that the programming is distributed or made available to other distributors or providers differential treatment of a service provided by the Company or any affiliate, and for each such agreement state:

a. the parties to the agreement;

b. the date the agreement was entered into;

c. the term of the agreement;

d. a description of the provision;

e. the date that any party to the agreement exercised any rights or received any benefits from any of the provisions detailed in parts (i) through (vii) of this Request; and

f. a description of any actions taken or benefits received as a result of any of the provisions detailed in parts (i) through (vii) of this Request.

RESPONSE:

Exhibit 47.a-f contains information responsive to Request Nos. 47.a-f. To respond to these Requests, AT&T relied on information stored in its [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
Tab 1 includes AT&T’s list of distribution agreements for Video Programming for MVPD and OVD services. This list provides AT&T’s internal agreement number used to identify the relevant contract and the name of the programmer for each of those contracts.  

Tabs 2 through 7 contain provisions that AT&T will be listed. But not all agreements contain a responsive clause and some agreements contain multiple responsive clauses. Therefore Tabs 2 through 8 will contain lists longer or shorter than the list of agreements identified in Tab 1.

Tabs 2 and 3 provide information responsive to Request Nos. 47.a. Tab 2 includes the

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93 The Exhibit provided in response to these Requests reflects AT&T’s best efforts to conform the information AT&T maintains in the ordinary course of business to the ways in which the data was requested.

94 The Exhibit provided in response to these Requests reflects AT&T’s best efforts to conform the information AT&T maintains in the ordinary course of business to the ways in which the data was requested.
general information and preamble clause by agreement number and programmer. This identifies all parties to the agreement in response to Request No. 47.a. Tab 3 includes the effective date and term in response to Request Nos. 47.b and 47.c.

Tabs 4 through 7 provide information responsive to subparts (i) through (vii) of Request Nos. 47.d-f for those agreements that contained information available [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] Tab 4 includes the contract section and text of any price-related or non-price related MFN and non-discrimination clauses by program content type (e.g., linear, broadband, VOD, and TV Everywhere) in response to Request No. 47.d. These are the provisions that [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] most closely match subpart 47(i). It also includes the effective date for the base agreement as well as each MFN and non-discrimination clause to respond to Request No. 47.e. Tab 5 includes the contract section and text of any rights or limitations on further distribution of over-the-top video service or across multiple platforms, such as multiple devices and device types in response to Request No. 47.d. These are the provisions that [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

95 [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]

96 Any agreement that does not contain relevant information will not be listed because [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]
CONFIDENTIAL INFORMATION] most closely match subpart 47(iv). Tab 6 includes the contract section, text of any carriage rights and launch obligations, a description of the rights exercised, and the date those rights were exercised in response to Request Nos. 47.d-f. These are the provisions that [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] that most closely match Request No. 47.v. Tab 7 includes the contract section and text of any authentication provisions in response to Request No. 47.d. These are the provisions that [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] most closely match subpart 47(vi).

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] to respond to the request for information on other provisions requested, including a description of each action taken as a result of any of the provisions; however, AT&T has provided the agreements and amendments themselves, which will identify any such provisions, along with the actions taken and benefits received.

48. REQUEST:

Identify each instance that the Company, in negotiations with another Person that did not result in an agreement for the Company to either acquire Video Programming from another Person, or license another Person to distribute the Company’s Video Programming, the Company or another Person proposed any of the following provisions: (i) any price or non-price Most-Favored-Nation clause; (ii) any exclusive rights to distribute the programming; (iii) any limits on the further distribution of the programming that is the subject of the agreement either temporally, such as through “windows,” or by another Person or class of similar Persons; (iv) any limits on the further distribution of the programming on another platform; and (v) any rights to
obtain, or limits on distribution of, additional programming whether or not such programming was in existence at the time the agreement was entered; (vi) any provision relating to the authentication of Users, including any limits on Video Programming distributors that impact their ability to authenticate the identity of a User for the purpose of delivering additional data to advertisers, and any provision that concerns the extent to which access to the set-top box impacts the ability of any Person to authenticate Users, for example through the operations of apps; and (vii) any other provision that impacts the way that the programming is distributed or made available to other distributors, and for each such negotiation state:

a. the Person to whom the term was proposed;

b. the Video Programming that would have been the subject of the provision;

c. the date the proposal was made; and

d. the reasons why an agreement was not reached.

RESPONSE:

Exhibit 48.a-d contains information responsive to Request Nos. 48.a-d. To respond to this Request, AT&T identified each negotiation since January 1, 2012 between AT&T and a programmer related to Video Programming in which the terms had been reduced to a long-form agreement but has as yet to result in an agreement for AT&T to purchase the video programming. Exhibit 48.a-d provides information from these long-form agreements that is responsive to these Requests.

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97 [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

98 The Exhibit provided in response to these Requests reflect AT&T’s best efforts to conform the responses to this Request with the information AT&T provided in Response No. 47 and with how [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
Tab 1 identifies each programmer, the video programming pertinent to the negotiation, and the date of the proposal in response to Request Nos. 48.b-c.

Tabs 2 through 5 identify the relevant provisions from each of these long-form agreements responsive to subparts (i) through (vii) of Request No. 48. Any long-form agreement that contains the relevant provision will be listed, but not all of these agreements have a relevant provision. Similarly, some agreements contain multiple responsive clauses. Therefore, Tabs 2 through 5 will contain lists longer or shorter than the list of long-form agreements identified in Tab 1.

Each of these tabs includes the contract section and draft provision in redline form; it also identifies the party proposing those changes in response to Request No. 48.a. Tab 2 identifies any proposed relevant price-related MFN and non-discrimination provisions. Tab 3 identifies any proposed rights or limitations on further distribution of over-the-top video service or across multiple platforms, such as multiple devices and device types. Tab 4 identifies any proposed carriage rights or launch obligations. Tab 5 identifies any proposed authentication provisions.

AT&T is frequently in negotiations regarding the acquisition of Video Programming.

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
49. REQUEST:

Identify and provide all documents relating to each instance since January 1, 2012 in which the Company obtained a lower per-subscriber fee than the rate the Company was previously paying for any Video Programming (including through the acquisition or sale of or affiliation with any MVPD or Video Programming channel), and for each such instance state: (a) the date, circumstances, and reduction received; and (b) whether the Company passed through the programming cost saving to its residential subscribers in the form of lower monthly subscription fees, moving the relevant channel to a less costly service tier, or in any other way. Produce documents sufficient to compare the per subscriber fee the Company pays for Video Programming and the per subscriber fee paid by other Persons for the same Video Programming.

RESPONSE:

Exhibit 49.1 contains information responsive to Request Nos. 49.a-b. The Exhibit identifies [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
The Exhibit also provides information responsive to Request No. 49.b. As shown in the Exhibit,

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
CONFIDENTIAL INFORMATION] AT&T has included these reports as Exhibit 49.2.

Documents responsive to this request are included in AT&T’s document production.

50. REQUEST:

Provide all documents relating to:

a. the development and deployment of streaming solutions that provide Video Programming carried by the Company, either linear or non-linear, to consumer devices with or without using in-home hardware to transcode the content;

b. the extent to which new System Technologies or services, including but not limited to video, voice and Internet Access Services, would enhance or limit a subscriber’s ability to use a consumer-owned Navigation Device or record Video Programming;

c. the expected deployment(s) of new technologies of services including the timing of such deployment;

d. the availability of the Company’s Navigation Devices from retail outlets and other vendors throughout the United States that are not affiliated with the owner or operator of the MVPD system; and

e. support of consumer-owned Navigation Devices, including but not limited to: discussions with consumer electronics manufacturers about development of compatible navigation device equipment, compliance with Section 629 of the Communications Act of 1934, as amended (47 U.S.C. § 549), and all regulations adopted by the FCC to implement Section 629, including plans to seek waivers of the same.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

51. REQUEST:

With respect to the deployment of TV Everywhere services, provide:

a. a complete list of devices for which the Company provides TV Everywhere authentication and a complete list of applications for which the Company provides TV Everywhere authentication that also identifies each device through which access for each application has been approved;
RESPONSE:

AT&T provides TV Everywhere authentication through the AT&T website www.uverse.com, which is accessible through Mac and Windows PC and laptop browsers.

AT&T also provides its own U-verse-branded TV Everywhere applications for iOS, Android, and Windows smartphones, and iOS, Android, and Windows tablets. In addition, AT&T supports TV Everywhere on applications and websites developed by the following network groups: AMC, beIN Sports, Big Ten Network, C-Span, Disney, Fox Entertainment, Fox News, Fox Sports, HBO, NBC Universal, Scripps, Showtime, Starz, the National Basketball Association, the NFL Network, the PAC 12 Network, Turner, The Tennis Channel, TWC Sports, Univision, and Viacom. Those Content Providers determine the devices on which their applications function. In addition to the devices supported by AT&T U-verse-branded TV Everywhere applications, AT&T supports authentication through Content-Provider applications on the following devices: Xbox 360, XboxOne, PlayStation 3, PlayStation 4, and Wii game consoles; Roku; Amazon Fire TV; Google Chromecast; Samsung Connected TV; and Apple TV.

b. a list of and description of each application and device for which each Company is currently negotiating TV Everywhere authentication services;

RESPONSE:

In addition to the current U-verse-branded TV Everywhere applications listed above,

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
c. a list of and description of each application and device for which each Company has declined to provide TV Everywhere authentication services; and

RESPONSE:

AT&T has not declined to provide TV Everywhere authentication services for any application or device.

d. a description of all criteria used by each Company to determine whether to enter into an agreement to provide TV Everywhere authentication service to an application, content provider, or device manufacturer.

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
52. REQUEST:

With regard to the capability of the Company’s content and consumer premises equipment (“CPE”) to interact or operate with unaffiliated content, such as through the use of applications on the Company’s CPE and devices, produce:

a. a list of unaffiliated content supported by the Company and a description of the applications, devices or underlying technologies that the Company uses for interoperability with such unaffiliated content;

b. the licensing and other agreements entered into by the unaffiliated content providers to accomplish the interoperability with the Company’s CPE;

c. the criteria used to determine whether to grant or deny an unaffiliated Person’s request for access to the Company’s CPE, devices, or content;

d. a list of all unaffiliated content providers who have not received approval and the reasons supporting each denial for (i) unaffiliated content sources, such as those from Netflix, Hulu, and Amazon, on the Company’s CPE, (ii) delivery of unaffiliated content to retail devices in the home, such as to Microsoft’s Xbox, Sony’s Playstation, Tivo devices, Roku devices, and Apple’s AppleTV by in-home streaming or other technologies; and (iii) delivery of each unaffiliated content to retail devices outside the home;

e. all documents relating to the provision of any Relevant Service to residential subscribers through the Company’s third-party wireless technology or other applications or devices, including but not limited to Xbox, TiVo, Roku, and Apple TV; and

f. all documents related to CPE research, development and innovation plans, including those relating to the costs, benefits (including cost savings), or the profitability of a common set-top box for use by AT&T’s wireline video services and satellite video services; and a common video platform for use over the merged entity’s footprint.

RESPONSE:

AT&T provides video and broadband consumers with two types of CPE: the Residential Gateway (“RG”), through which all video and Internet content passes into the consumer premises, and the STB, which allows the consumer to control video content on his or her television. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
53. REQUEST:

Provide a list of each PEG channel offered by the Company and identify the system on which it is offered and the tier(s) (including analog and digital tiers) on which each of those channels appears.

RESPONSE:

Exhibit 53.1 provides a list of PEG channels offered by AT&T and the areas where they are available. AT&T’s MVPD service does not have a separate analog tier, and the same set of PEG channels is available on all tiers in the area where the channels are offered. In circumstances where a channel is shared by multiple localities (e.g., a school district channel that serves multiple towns), the channel will be listed for each locality on Exhibit 53.1.

54. REQUEST:

a. State whether the Company will replicate PEG Video Programming offerings on both U-Verse and DIRECTV’s video systems that are currently carried only on AT&T’s U-Verse video system and
RESPONSE:

If this transaction is consummated, AT&T will continue to comply with applicable PEG obligations established by state and local authorities for its U-verse IPTV product. Similarly, post-transaction DIRECTV will continue to comply with the distinct legal requirements applicable to its satellite service, including those under 47 U.S.C. § 335(b). AT&T also refers the Commission to the portion of DIRECTV’s response to Commission Request 39 addressing capacity constraints that DIRECTV experiences.

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

b. describe plans, including any changes, for the carriage and support of PEG Video Programming that is currently carried on AT&T’s U-Verse Channel 99 (which currently is dedicated exclusively to PEG Video Programming).

RESPONSE:

AT&T plans to continue to carry and support PEG Video programming in a manner consistent with applicable state and local requirements. AT&T provides all PEG programming generated in a particular DMA to all subscribers in that DMA at a single, easy-to-find location (Channel 99). [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

55. REQUEST:

Produce documents related to: (a) Project VIP, including but not limited to financial modeling, projected and actual returns on investment, NPV and IRR estimates and projected and actual costs of deployment; (b) BEGIN HIGHLY CONFIDENTIAL ***
CONFFIDENTIAL, and (c) investment in FTTP, including but not limited to financial modeling, projected and actual returns on investment, NPV and IRR estimates and projected and actual costs of deployment.

RESPONSE:
Documents responsive to this Request are included in AT&T’s document production.

56. REQUEST:
Provide the following information relating to the “Overview of AT&T FTTP Investment Model,” filed with the Commission in support of the Transaction on July 29, 2014 (the “FTTP Investment Model”):

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
a.  BEGIN HIGHLY CONFIDENTIAL***

***END HIGHLY CONFIDENTIAL

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
Documents responsive to this Request are included in AT&T’s document production.

b. BEGIN HIGHLY CONFIDENTIAL***

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RESPONSE:

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

Documents responsive to this Request are included in AT&T’s document production.

c. BEGIN HIGHLY CONFIDENTIAL***

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RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

d. **BEGIN HIGHLY CONFIDENTIAL***

**HIGHLY CONFIDENTIAL**

***END

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
Documents responsive to this Request are included in AT&T’s document production.

**e. BEGIN HIGHLY CONFIDENTIAL***

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RESPONSE:

In response to subpart (i), Exhibit 56.e.1 provides the [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
In response to subpart (ii), Exhibit 56.e.2 provides the

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f. BEGIN HIGHLY CONFIDENTIAL

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RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
Documents responsive to this Request are included in AT&T’s document production.

**END HIGHLY CONFIDENTIAL

RESPONSE:

In response to subpart (i), Exhibit 56.g.1 provides the **BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
In response to subpart (ii), Exhibit 56.g.2 provides the confidential information.

h. **BEGIN HIGHLY CONFIDENTIAL***

***END HIGHLY CONFIDENTIAL***

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
Documents responsive to this Request are included in AT&T’s document production.

i.  *BEGIN HIGHLY CONFIDENTIAL***

***END HIGHLY CONFIDENTIAL

RESPONSE:

In response to subpart (i), Exhibit 56.i.1 provides the [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
j. **BEGIN HIGHLY CONFIDENTIAL***

***END HIGHLY CONFIDENTIAL

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
Documents responsive to this Request are included in AT&T’s document production.

k. **BEGIN HIGHLY CONFIDENTIAL**

***END HIGHLY CONFIDENTIAL

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
Documents responsive to this Request are included in AT&T’s document production.

1. **BEGIN HIGHLY CONFIDENTIAL***

***END HIGHLY CONFIDENTIAL

RESPONSE:

In response to subpart (i), Exhibit 56.1.1 provides the **BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION**
[END AT&T HIGHLY CONFIDENTIAL INFORMATION] m. BEGIN HIGHLY CONFIDENTIAL***

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RESPONSE:

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Documents responsive to this Request are included in AT&T’s document production.
n. BEGIN HIGHLY CONFIDENTIAL***

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RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
57. REQUEST:

Provide the following information relating to the “Additional Detail on the Demand Estimation, Merger Simulation, and Investment Model Analysis Performed by Professor Michael Katz,” filed with the Commission on July 29, 2014:

a. BEGIN HIGHLY CONFIDENTIAL***

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***END

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
INFORMATION]

Documents responsive to this Request are included in AT&T's document production.

b. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

RESPONSE:

[BEGIN DIRECTV HIGHLY CONFIDENTIAL INFORMATION]

c. the net present value (NPV)/IRR of the investment in the proposed FTTP network based on the incremental cash flows for the Company post-Transaction;

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
d. a summary worksheet that captures the projected cash flows aggregated over all distribution areas cleared for FTTP in the baseline scenario. The worksheet should include the following information and show the derivation of the projected cash flows for 2015 – 2023:

(i) total number of customer locations;
(ii) number of customer locations passed;
(iii) total number of subscribers;
(iv) weighted average revenue per subscriber per month;
(v) total revenues (v should be equal to iii * iv * 12);
(vi) average operating expense per subscriber;
(vii) total operating expenses (excluding depreciation and amortization) broken down by
   1. recurring expenses; and
   2. non-recurring expenses;
(viii) depreciation and amortization;
(ix) interest expense;
(x) income taxes;
(xi) net income;
(xii) deferred taxes;
(xiii) average capital expenditure (CapEx) to pass a customer location;
(xiv) average CapEx to connect a customer location;
(xv) total CapEx; and
(xvi) cash flows.

Alternatively, to the extent that the values listed above can be calculated from information already provided with the FTTP Investment Model and supporting documentation, provide a detailed explanation of how to calculate the values (including references to specific Excel worksheets and cells).

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
AT&T HIGHLY CONFIDENTIAL INFORMATION]

e. BEGIN HIGHLY CONFIDENTIAL***

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RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
Documents responsive to this Request are included in AT&T’s document production.

g. **BEGIN HIGHLY CONFIDENTIAL***

***END HIGHLY CONFIDENTIAL

RESPONSE:

*BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION*
58. REQUEST:

With respect the Company’s planned deployment of WLL to 13 million customer locations as described in the Public Interest Statement, provide:

   a. a list, in CSV, by county in each Relevant Area, of each spectrum license that the Company plans to use in the provision of WLL services, including for each license, the: (i) FIPS Code; (ii) county; (iii) state; (iv) market name; (v) market number (in the case of CMA, MTA, or BTA); (vi) spectrum type; (vii) spectrum block; and (viii) the amount of spectrum that will be used to support the WLL service;

RESPONSE:

Exhibit 58.a.1 identifies the counties in which AT&T will use its licenses to provide fixed WLL services.

b. polygons in an ESRI shapefile format representing the geographic coverage of the Company’s proposed WLL deployment as depicted in Figure 1 of the Declaration of John T. Stankey submitted in support of the Application (the “Stankey Declaration”), including:
in each polygon where the Company plans to deploy WLL, each frequency band (e.g., Lower 700 MHz, Cellular, AWS-1, PCS, WCS) that the Company plans to use for deployment of WLL and the geographic area in which it will be offered;

(ii) the projected minimum upload and download speeds for each geographic area and each frequency band; and

(iii) identification of the geographic areas that qualify as “rural,” as referenced in the Stankey Declaration;

RESPONSE:

Exhibit 58.b.1 provides polygons in ESRI shapefile format representing AT&T’s estimate of the geographic coverage of the proposed WLL deployment depicted in Figure 1 of the Declaration of John T. Stankey, Group President and Chief Strategy Officer, AT&T Inc., submitted to the Commission on June 11, 2014 (the “Stankey Declaration”).

i. AT&T will use 20 MHz (10 x 10 MHz) of [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] spectrum for its fixed WLL services.

ii. AT&T’s current expectation is that its fixed WLL product will perform as well as wireline broadband services advertised today at 15-20 Mbps. AT&T’s best estimate, which is based upon the lab simulations to date (which are being validated with field trials), is that even customers at the cell edge will experience speeds greater than 10 Mbps more than 90 percent of the time. Those speeds will be significantly better in off-peak periods, and customers located closer to the cell tower will experience even better speeds. AT&T has not projected minimum download speeds for each geographic area. Each cell site on which WLL technology is deployed will use the same basic equipment, spectrum and technological configuration.
iii. The rural geographic areas referenced in the Stankey Declaration were identified by superimposing a grid of one mile squares on a map of the continental United States. AT&T Mobility considers a cell site “rural” if it is located in a square mile with a population of less than 250 persons. Only rural cell sites were considered for the WLL deployment.

c. a description of all assumptions, methodology (e.g., propagation, projection, field measurements), calculations (including link budgets), tools (e.g., predictive and field measurements) and data (e.g., terrain, morphology, buildings) used in the production of the polygons, and identification of the propagation tool used, the propagation model used within that tool, including but not limited to, the coefficients used in the model and any additions, corrections or modifications made to the model;

RESPONSE:

The polygons provided in response to Request No. 58.b were generated by Forsk’s Atoll propagation tool, which AT&T uses in the ordinary course of its business to create signal level files, which are collected and compiled to create coverage maps. Inputs to the propagation tool include cell site location, antenna height, antenna down tilt, antenna azimuth (direction in which the antenna points), antenna pattern (shape of antenna signal), signal power, topography/terrain, and clutter (physical land use and vegetation obstructions to the propagation of radio waves other than topography).

AT&T customizes the Atoll propagation tool primarily through the use of area-specific propagation models, which leverage up-to-date geographic terrain and clutter information provided by [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION], a geodata provider.

AT&T contracts with a third-party vendor, [BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION], to
tune and deliver pre-calibrated propagation models (which incorporate link budget data provided by AT&T’s equipment vendors) to AT&T. The calibrated propagation models are based on

[BEGIN AT&T CONFIDENTIAL INFORMATION]
The WLL polygons were produced using AT&T’s ordinary course models.  

AT&T will be conducting field trials to confirm the results of its modeling.
d. the methodology for, and documents supporting, the selection of areas as “rural” as referenced in the Stankey Declaration, including the method of calculating areas with fewer than 250 people per square mile and determining that “about 85 percent of the customer locations” are expected to be outside the Company’s wireline footprint;

RESPONSE:

The rural geographic areas referenced in the Stankey Declaration were identified by superimposing a grid of one mile squares on a map of the continental United States. AT&T Mobility considers a cell site “rural” if it is located in a square mile with a population of less than 250 persons. Only rural cell sites were considered for the WLL deployment. Although cell sites may cover areas outside the one square mile in which they are located, typical wireless engineering practice is to locate cell sites in close proximity to the highest population concentrations and thus rural cell sites are highly unlikely to be the best servers for any significant non-rural areas. The population data for the one mile squares came from [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION], and the propagation data came from Forsk’s Atoll propagation tool, as described in response to Request No. 58.c. To calculate the percentage of customer locations outside AT&T’s wireline footprint, AT&T compared the number of households in the portions of the polygons outside its wireline footprint with the number of households in the portions of the polygons within its wireline footprint.

e. a description of, and all documents relating to, the fixed WLL service that the Company plans to offer, including the usage allowances, download and upload speeds, and pricing;
RESPONSE:

While field trials are just underway and there has been no final delineation of the fixed WLL product, AT&T’s current expectation is that this product will perform as well as wireline broadband services advertised at 15-20 Mbps. AT&T currently expects the product to be offered with a usage allowance high enough to readily satisfy most customers’ needs, [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]. AT&T has not set rate plans for the product, but intends to price it competitively with existing comparable wireline broadband offerings.

Documents responsive to this Request are included in AT&T’s document production.

f. an explanation of how the Company determined the usage allowances and download and upload speeds that the Company considers to be sufficient to readily satisfy most customers’ needs;

RESPONSE:

To determine an appropriate usage allowance that would meet the needs of most customers, [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] Expected upload and download speeds were based upon lab simulations that will be validated with field trials and, based upon NTIA
broadband availability data and market research, are typically comparable to current wireline alternatives in these areas.

g. a description of, and documents supporting, the Capacity of the WLL service that the Company will offer, including, but not limited to, the maximum number of subscribers in a WLL cell that can receive the desired level of service quality, the maximum number of simultaneous WLL subscribers in a WLL cell that can be supported at the desired service quality level during peak periods of usage, and the amount of spectrum allocated in each band to achieve this Capacity (Stankey Declaration paragraph 49);

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
h. all documents relating to the lab simulations referenced in the Stankey Declaration at paragraph 49, including the expected average cell spectral efficiency, and plans for the field test of the WLL technology;

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

i. an explanation of, and all supporting documents for, the end-user rate of 10 Mbps more than 90 percent of the time at the cell edge, including but not limited to a description of the “advanced technologies”; the spectrum efficiency benefit of each “advanced technology”; the LTE system parameters including the MIMO configuration; the definition of “cell edge” including signal strength, signal to noise ratio, and the link budget; and the major type (i.e., outdoor or indoor), gain, physical dimensions, and horizontal and vertical patterns of customer premise antennas that are expected to be professionally installed;

j. an explanation of, and all documents supporting, the amount the end-user rate will improve above 10 Mbps more than 90 percent of the time, both as the user is moved further into the cell to experience improved coverage and as load is reduced in off-peak periods, including but not limited to the benefits of the “advanced technologies”, the spectrum efficiency benefit of each “advanced technology” as a function of signal-to-noise and network loading, the LTE system parameters including the MIMO configuration, the definition of “cell edge” including signal strength, signal to noise ratio, and the link budget, and the major type (outdoor or indoor), gain, physical dimensions, and horizontal and vertical patterns of customer premise antennas that are expected to be professionally installed;
RESPONSE:

Speeds will vary on AT&T’s fixed WLL LTE broadband network, just as they do with any wireline or wireless broadband technology. Speeds will depend on how many customers are using the network, how much data they are attempting to send or receive, the types of applications they are using, and where they are located in the cell. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

Advanced technology will be used at both the cell sites and the customer premises and, as a result, AT&T’s fixed LTE WLL network will be able to transmit more data more quickly than is typical in a mobile LTE network. Cell sites will have state-of-the-art base band units, radios, and antennas. CPE will consist of a professionally installed outdoor directional rooftop antenna connected by a CAT 5 cable to a WiFi router. Exhibits 58.j.1-8 include details regarding the equipment that AT&T is considering using in its fixed WLL LTE broadband network.

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
k. an explanation of the WLL deployment criteria;

RESPONSE:

Fixed WLL will be deployed at cell sites that meet four criteria. First, the cell sites must be located in rural areas, as defined in the response to Request No. 58.d. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

AT&T HIGHLY CONFIDENTIAL INFORMATION]

l. the number of WLL-enabled sites that are expected to be deployed to cover the 13 million customer locations;

RESPONSE:

AT&T’s modeling assumed deployment of fixed WLL technology at [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] cell sites.

m. the number of WLL-enabled sites that require the installation of additional antennas and other equipment;

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
n. the total of WLL-enabled sites that require the new build sites;

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

o. the projected WLL penetration rate, the projected number of WLL subscribers and all documents related to the projected subscription rates;

RESPONSE:

AT&T currently projects that, three years after introduction, its fixed WLL product will have approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] subscribers, which would be about [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] percent of households in which fixed WLL will be available. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

Documents responsive to this Request are included in AT&T’s document production.

p. the locations, in the form of polygons in an ESRI shapefile format representing the geographic areas, where the Company has determined that (i) its WLL

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deployment would be the only terrestrial broadband service available; (ii) there is only one other terrestrial provider, and (iii) where there is an additional provider that the broadband provided is relatively slow based on the NTIA data and all data and documents supporting these determinations;

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

q. an explanation, and all documents relating to the claim in the Stankey Declaration that “The transaction dramatically improves the business case for deploying fixed WLL services”, including documents relating to the effect on WLL deployment if any of the Transaction synergies are not achieved;

RESPONSE:

The DIRECTV transaction will enable a seamless broadband/MVPD/voice bundle that will be far more compelling than a standalone fixed WLL bundle. As a result, AT&T expects more subscribers and thus greater revenue than would be possible without the DIRECTV
transaction. AT&T also expects greater customer satisfaction, which will reduce churn. In addition, the video component of the bundle can share some of the installation, sales, and marketing costs of the fixed WLL service, which lowers costs and thus improves the economics of fixed WLL service.

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

Documents responsive to this Request are included in AT&T’s document production.

r. all documents discussing the Company’s ability to recover investment and operational costs, including the ability to compete with other providers of Internet Access Service, spectrum Capacity constraints, the number of subscribers to whom the services can be marketed to in order to maintain quality of service, the revenue sufficient to justify the investment, and the useful life of the WLL; and

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

s. all documents discussing the Company’s incentives to invest in WLL including the effect of offering WLL on the sales of DIRECTV’s video service, the lowering of operating expenses, and the technical integration between satellite and fixed wireless networks that may result in improved television services.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.
59. REQUEST:

Describe and provide documents supporting the methodology used in the financial analysis of the WLL deployment and all assumptions, data and documents relied on in the analysis, including but not limited to:

a. the expected expenses, both capital and operational, of deploying an LTE site that can provide the rates claimed in the Stankey Declaration, including the required release of LTE, MIMO configuration, antennas, frequency bands, additional radios, “advanced technologies” and other necessary configuration where there is: (i) no existing Company site; (ii) a Company site that does not have LTE, and (iii) a Company site that has LTE but needs to be modified or re-configured to support the WLL deployment at the claimed rates;

RESPONSE:

AT&T’s financial model analyzing fixed WLL deployment enabled by this transaction is contained in Exhibit 59.a.1. The financial analysis in Exhibit 59.a.1 of deploying fixed WLL that can provide the rates stated in the Stankey Declaration and as set forth above in response to Request No. 58 assumes that fixed WLL will be implemented at [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] Deploying fixed WLL requires incremental equipment at existing LTE cell sites, including new antennas, radios, and base band units. AT&T assumes in its analysis of fixed WLL deployment capital expenditures of approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] AT&T’s financial analysis of deploying fixed
WLL estimates incremental monthly operating expenses per cell site, comprised of utilities, rent/lease, transport, and maintenance to total [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

b. the expected expenses, both capital and operational, of deploying an LTE site that can provide the rates claimed in the Stankey Declaration, including the required release of LTE, MIMO configuration, antennas, frequency bands, additional radios, “advanced technologies” and other necessary configuration where there is: (i) no existing Company site; (ii) a Company site that does not have LTE, and (iii) a Company site that has LTE but needs to be modified or re-configured to support the WLL deployment at the claimed rates;

RESPONSE:

Subpart b. of Request No. 59 is identical to Request No. 59 subpart a., the Response to which AT&T incorporates herein.

c. the expected cost of a professional installation at each customer’s location or any other costs, including but not limited to, processing changes in service, addressing outages or other issues, and providing on-going customer support;

RESPONSE:

Fixed WLL service includes professionally installed CPE. The financial analysis of the fixed WLL deployment in Exhibit 59.a.1 assumes that professional installation costs of CPE will be approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
CONFIDENTIAL INFORMATION]

Documents responsive to this Request are included in AT&T’s document production.

d. the cost savings to the Company if a DIRECTV and WLL antenna are installed in a single truck roll;

RESPONSE:

AT&T expects the combined company will be able to perform multiple installation services (including DBS video and fixed WLL) with a single truck roll, resulting in efficiencies and cost savings. In the vast majority of cases, [BEGIN AT&T AND DIRECTV HIGHLY CONFIDENTIAL INFORMATION] [END AT&T AND DIRECTV HIGHLY CONFIDENTIAL INFORMATION] purchasers of an AT&T/DIRECTV Synthetic Bundle must schedule video and broadband appointment windows on two separate days, whereas customers that purchase video and broadband from the same provider almost always have their services installed on the same day, during the same appointment. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

e. any subsidy costs to the Company for consumer premise equipment (CPE) for the WLL service, including the per device cost and the expected replacement cycle for CPE equipment;

RESPONSE:

As provided in Exhibits 58.g.1 and 59.a.1, AT&T’s financial analysis of the fixed WLL deployment estimates that, in 2015, the net per-subscriber cost of CPE for the fixed WLL service will be approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
[END AT&T HIGHLY CONFIDENTIAL INFORMATION] As discussed in Response 59.c, the financial analysis of the fixed WLL deployment assumes the cost of installation will be [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

AT&T currently plans to charge each customer [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] compared to the cost of CPE and installation. The financial analysis of the fixed WLL deployment did not model replacement cycle costs for CPE equipment.

f. the capital and operational costs for backhaul or improvements to backhaul required to support the WLL service;

RESPONSE:

As described in the response to Request Nos. 58 and 59.b, the financial analysis of the fixed WLL deployment assumes that fixed WLL will be deployed [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

and thus there are [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] As described in Exhibit 58.g.1, the financial analysis of deploying fixed WLL assumes incremental capital costs for standard backhaul services of [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]
and monthly operational costs for backhaul services of [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] The monthly operational costs for backhaul services of [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] are included in the monthly operating expenses per cell site described in AT&T’s response to Request No. 59.a. See Exhibit 58.g.1.

**g.** the capital and operational costs for core network offices and equipment or improvements to core network offices and equipment required to support the WLL service;

**RESPONSE:**

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

**h.** the opportunity cost of deploying WLL rather than mobile broadband or other services as discussed at paragraph 50 of the Stankey Declaration;

**RESPONSE:**

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
Documents responsive to this Request are included in AT&T’s document production.

i. a comparison of the costs of providing WLL service to the costs of providing (a) copper with no xDSL capability; (b) xDSL; (c) IPDSL; (d) FTTN without capability to provide MVPD Service; (e) FTTN with capability to provide MVPD Service; or (f) FTTP;

RESPONSE:

AT&T does not in the ordinary course compare the costs of providing fixed WLL service with the costs of providing other broadband services and no such comparison was performed as part of the analysis of fixed WLL deployment. AT&T similarly does not compare the costs of
providing fixed WLL service with the costs of copper deployment with no broadband capability, and AT&T will be retiring copper facilities over the long term. Significantly, about 85 percent of the fixed WLL deployment is expected to be outside of AT&T’s wireline footprint, making a meaningful comparison of the costs difficult. In addition, in AT&T’s wireline footprint, fixed WLL is designed to reach customer locations in rural areas in which AT&T’s fiber expansion opportunities are limited by high deployment costs and the expected return on investment that AT&T can obtain. Thus, fixed WLL is specifically designed for areas where fiber-based technologies are economically challenging because of low population density. Moreover, the cost to deploy fiber services is highly dependent on the location so it is difficult to make a meaningful comparison with the cost of fixed WLL.

j. any other capital and operational costs associated with the planned WLL deployment, including marketing, advertising, customer support, or other functions;

RESPONSE:

In addition to the capital and operational costs discussed above, the financial analysis of deploying fixed WLL in Exhibit 59.a.1 assumes the following additional costs: [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
k. the expected revenue, both total and per subscriber, for the planned WLL deployment;

RESPONSE:

AT&T’s financial analysis of deploying fixed WLL provided in Exhibit 59.a.1 assumes expected ARPU of [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] The financial analysis of deploying fixed WLL in Exhibit 59.a.1 projects annual revenue of [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] by 2017, dependent on the deployment schedule. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]

l. the amount, by the type of service, of the per user revenue increase of the planned WLL deployment, including the rationale and calculation of the amount of the increase as compared to WLL churn absent the transaction; and

RESPONSE:

Exhibit 59.l.1 contains AT&T’s financial analysis of the transaction’s effect on the LTV of a fixed WLL customer. The financial analysis in Exhibit 59.l.1 estimates that the ability to bundle fixed WLL with DIRECTV video as a result of the transaction will increase the LTV of a fixed WLL customer from approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] to approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]
CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

m. the amount of churn reduction as a result of the planned WLL deployment, including the rationale and calculation of the amount of the decrease as compared to WLL churn absent the transaction.

RESPONSE:

AT&T’s financial analysis of deploying fixed WLL in Exhibit 59.a.1 assumes that churn for fixed WLL services will be [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] based upon AT&T’s DSL churn in rural areas. [END AT&T HIGHLY CONFIDENTIAL INFORMATION]

As discussed in the Public Interest Statement (“PIS”), the transaction dramatically improves the business case for deploying fixed WLL services. By bringing an integrated bundle of broadband and video, the transaction will increase customer satisfaction and reduce expected churn. AT&T expects that the transaction will reduce both broadband and video churn for fixed WLL customers.

60. REQUEST:

Page 21 of the Stankey Declaration states that the Company “continually assesses the marketplace, new technologies, customer preferences, and a wide variety of other data, to update its estimates of the economic viability of deploying GigaPower services to new areas.” Describe how the Company’s deployment of FTTP or GigaPower services will be affected if that assessment evidences a decrease in the economic viability of the planned WLL deployment.

RESPONSE:
61. REQUEST:

The Company states on page 41 of the Public Interest Statement that it will commit to funding FTTP investments to two million “more” customer locations if the Transaction is approved. The Stankey Declaration identifies a specific number of customer locations that the Company had already planned to expand FTTP to in the absence of the Transaction.

a. state whether (i) the Company is committing to expand FTTP to two million customer locations over and above the number of customer locations specified in the Stankey Declaration as those to which the Company planned to expand FTTP even in the absence of the Transaction; or (ii) if the Company is committing to expand FTTP only to two million more locations than it currently serves;
RESPONSE:

As explained in AT&T’s response to Request No. 56.n, AT&T’s FTTP commitment is over and above the number of customer locations specified in the Stankey Declaration as those to which the Company planned to expand FTTP even in the absence of the transaction.

b. describe the specific post-Transaction commitment, if any, beyond the Company’s pre-Transaction plans;

RESPONSE:

As explained in the Stankey Declaration, AT&T’s pre-Transaction plans included a decision to invest about [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] to expand the availability of GigaPower to portions of 25 metropolitan areas, [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] customer locations. That expansion would have brought GigaPower’s planned deployment to a total of about [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] FTTP customer locations.

As explained in AT&T’s response to Request No. 56.n, [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
c. for the pre-Transaction customer locations to which the Company planned to expand FTTP, state the fraction of these FTTP locations that will be residential locations and the fraction that will be nonresidential locations;

RESPONSE:

[BEGIN AT&T CONFIDENTIAL]

[END AT&T CONFIDENTIAL] [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

d. for the 2 million more post-Transaction customer locations to which the Company plans expand FTTP, if any, state the fraction of these additional locations that will be residential locations and the fraction will be non-residential locations;

RESPONSE:

[BEGIN AT&T CONFIDENTIAL]

[END AT&T CONFIDENTIAL] [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
e. for the pre-Transaction customer locations to which the Company planned to expand FTTP, state the fraction of these locations that is currently served by (i) plain copper with no xDSL capability; (ii) xDSL; (iii) IPDSL (iv) FTTN without capability to provide MVPD Service; and (iv) FTTN with capability to provide MVPD Service;

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

f. for the 2 million more or additional customer locations to which the Company has committed to extend FTTP post-Transaction, if any, state the fraction of these additional locations that is currently served by (i) plain copper with no xDSL capability; (ii) xDSL; (iii) IPDSL (iv) FTTN without capability to provide MVPD Service; and (iv) FTTN with capability to provide MVPD Service.

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
62. REQUEST:

State (a) whether the 15 million locations to which the Company has committed to deploy broadband are included in any prior commitments the Company made or will make to the Commission (including but not limited to Connect America Phase I or Phase II) or to State regulatory authorities and (b) if universal service funding will be used for any of the deployment to 15 million customer locations.

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
63. REQUEST:

For the “customer Location and subscriber Figures” the Company filed with the Commission on July 8, 2014 provide updated customer location numbers that reflect the transfer of SNET and SNET America in Connecticut to Frontier Communications and provide all documents discussing the effect of that transfer on the Transaction.

RESPONSE:

Exhibit 63.1 provides a chart of the customer location and subscriber figures the Company filed with the Commission on July 8, 2014, revised to reflect the transfer of SNET and SNET America in Connecticut to Frontier Communications.

Documents discussing the effect of the transfer of the Transaction, to the extent such documents exist, are included in AT&T’s document production.

64. REQUEST:

In prior transactions, the Company has committed to various conditions in connection with approval of the transaction. Provide:

a. the number of subscribers that purchased the Company’s Internet Access Services on a standalone basis and the take rate as a result of the AT&T/BellSouth and AT&T/SBC transactions (see AT&T and BellSouth Corporation, WC Docket No. 06-74, Memorandum Opinion and Order, 22 FCC Red 5662, 5813 (2007) and SBC Communications and AT&T Corp., WC Docket No. 05-65, Memorandum Opinion and Order, 20 FCC Red 18290, Appx. F – ADSL Service (2005) (commitments to provide stand-alone ADSL service); and
RESPONSE:

Exhibit 64.a.1 shows for each region (Midwest, Southeast, Southwest, West, and East) and on a month-to-month basis from January 2007 to August 2014, the number of residential AT&T subscribers that obtained new DSL Internet access from AT&T on a standalone basis. Exhibit 64.a.1 also shows, for the same periods, the total number of residential AT&T subscribers that obtained new DSL Internet access service from AT&T and the percentage that receive standalone new DSL Internet access service (i.e., the percentage of new customers who “take” standalone DSL). If a customer switched from receiving AT&T DSL and voice service to receiving only DSL service, that customer would be categorized as a new standalone DSL customer on this chart. As reflected on Exhibit 64.a.1, data for the Southeast region were not available for the first seven months of 2007.

b. the percentage of residential living units in the Company’s in-region territory that were provided broadband service as a result of the Company’s commitments in the AT&T/BellSouth transaction, and the total percentage of residential living units in the AT&T/BellSouth in-region territory that were offered broadband service by the end of the commitment period specified in the AT&T/BellSouth transaction. (see AT&T and BellSouth Corporation, WC Docket No. 06-74, Memorandum Opinion and Order, 22 FCC Rcd 5662, 5807-8 (2007).

RESPONSE:

Consistent with the commitment that AT&T made in the AT&T/BellSouth proceeding, at the end of the commitment period specified in that Order, 100% of the in-region residential customers were offered broadband Internet access service as defined in the AT&T/BellSouth

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101 The Midwest region includes portions of Indiana, Illinois, Ohio, Michigan, and Wisconsin. The Southeast region includes portions of Louisiana, Mississippi, North Carolina, Alabama, Kentucky, South Carolina, Florida, Georgia, and Tennessee. The Southwest region includes portions of Arkansas, Missouri, Texas, Kansas, and Oklahoma. The West region includes portions of Nevada and California. The East region includes parts of Connecticut.
65. REQUEST:

Provide all documents that discuss how AT&T’s network management practices would change, if at all, in order to meet its proposed commitment to adhere to the 2010 Open Internet rules.

RESPONSE:

Shortly after the D.C. Circuit’s January 2014 decision vacating some of the 2010 Open Internet rules, AT&T pledged to continue to adhere to those rules. See, e.g., Jim Cicconi, *AT&T Statement on Net Neutrality*, AT&T Public Policy Blog (Feb. 19, 2014), http://publicpolicy.att.com/att-statement-on-net-neutrality. Accordingly, AT&T does not anticipate that its commitment in this transaction to accept a legal obligation to adhere to the 2010 Open Internet rules will affect its network management practices. Any documents responsive to this Request are included in AT&T’s document production.

66. REQUEST:

Identify and provide all documents relied upon, reviewed, or referred to by every declarant in making the statements contained in their Declarations submitted to the Commission in connection with the Proposed Transaction.

RESPONSE:

Documents responsive to this Request are provided in the following exhibits: Exhibit 66.a (Mr. Stankey); Exhibit 66.b (Mr. Moore); and Exhibit 66.c (Ms. Lee). Documents for Dr. Katz responsive to this request were previously submitted to the Commission with letters from Maureen R. Jeffreys, Counsel for AT&T Inc., to Marlene H. Dortch, Esq., Secretary, FCC (filed June 17, 2014; June 20, 2014; June 23, 2014; June 25, 2014; June 30, 2014; July 8, 2014; July 17, 2014; and Aug. 6, 2014). Additional documents for Dr. Katz responsive to this request are
provided in Exhibit 66.d.

67. REQUEST:

Provide all merger simulations, econometric modeling, or similar analysis that have been undertaken by the Company or any consultant or expert hire by the Company to analyze the effect of the Transaction, including all data and documents used in those analyses.

RESPONSE:

Documents for Dr. Katz responsive to this Request were previously submitted to the Commission, including the documents set forth above in response to Request No. 66 and documents provided with the letter from Maureen R. Jeffreys, Counsel for AT&T Inc., to Marlene H. Dortch, Esq., Secretary, FCC (filed July 28, 2014). Documents for Drs. Haile and Berry responsive to this Request were previously submitted to the Commission with letters from Maureen R. Jeffreys, Counsel for AT&T Inc., to Marlene H. Dortch, Esq., Secretary, FCC (filed July 17, 2014; July 21, 2014; and July 24, 2014).

68. REQUEST:

To the extent the Applicants contend that the Transaction will result in (i) savings in any costs or expenditures or efficiencies; (ii) an enhanced ability to introduce new products, provide more products and services to customers and to improve service quality and management of communications security risks, and (iii) any other synergies:

a. describe in detail all of the claimed efficiencies, savings, new and improved products and synergies that are projected by the Applicants to result from the proposed Transaction, and submit a timeline for when these efficiencies, savings, new or improved products and synergies will be generated and recognized by the Company;

b. provide, for each operational savings or cost synergy identified by the Applicants in determining their total savings and annual savings referred to in the Public Interest Statement and supporting declarations: (i) a quantification of the operational savings or cost synergy and an explanation of how the quantification was calculated; and (ii) the steps that the Company anticipates taking to achieve
that operational savings or cost synergy, and the estimated time and costs required to achieve it;

RESPONSE TO 68.a and 68.c:

AT&T has explained in detail the efficiencies it anticipates from this transaction in its filings with the Commission, including the declarations of AT&T executives. AT&T summarizes that information below and incorporates it by reference.

AT&T expects to realize efficiencies in the following broad categories: (1) the combined company will be positioned to offer consumers a more attractive competitive option to the cable bundle, with new technologies and services and improved quality; (2) the combined company’s larger subscriber base and ability to offer increased value to programmers will result in significant cost reduction over time to acquire the video content demanded by consumers; (3) the synergies from the transaction will support the expansion of broadband access, and therefore competitive alternatives for consumers, both within AT&T’s wireline footprint and outside of that footprint; (4) the transaction will significantly enhance AT&T’s ability to promote the development of over-the-top (“OTT”) services; and (5) the combination will result in operational savings and technological and other synergies.

AT&T estimates that the cost synergies generated by this transaction will exceed...
HIGHLY CONFIDENTIAL INFORMATION] in a period of slightly less than nine years after closing.

The largest component of these cost synergies will be reductions in per-subscriber content acquisition costs. AT&T estimates that the transaction will result in more than

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]  [END AT&T HIGHLY CONFIDENTIAL INFORMATION] in content cost savings per year within just five years of the transaction close. In addition, AT&T estimates that other synergies including combining call centers, reducing installation and service costs, and consolidating general administrative and headquarters functions, will result in more than [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] in annual savings within four years of the transaction close. And, the combined company’s increased scale will provide a broader customer base across which to spread the fixed costs associated with developing new services and features.

In addition to cost synergies, AT&T expects product enhancements from the transaction to generate gross revenue synergies of nearly [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] in year 4 after closing.

By giving AT&T a more compelling and profitable video service, as well as a national video footprint, the transaction will fundamentally shift the economics of investing in broadband for the combined company. It will make it economic for AT&T to invest in capital-intensive broadband projects both inside and outside of its wireline footprint. AT&T is confident enough in these merger synergies to commit to expanding and enhancing its broadband reach to at least
15 million customer locations, many of which are in underserved rural areas. Specifically, the combined company will commit to provide FTTP wireline broadband service to at least 2 million more customer locations than AT&T would expand to absent the merger. This FTTP infrastructure will enable broadband speeds of up to 1 Gbps. In addition, the combined company will commit to deploy fixed WLL technology to bring high-speed broadband to approximately 13 million largely rural customer locations. This expanded broadband network will in turn enable even more utilization of OTT video offered by third parties such as Netflix, Hulu, and Amazon Instant Video. Each of the categories of efficiencies is described in greater detail below.

In general, while AT&T is unable at present to make final plans regarding how it will achieve the synergies detailed below, AT&T plans to pursue strategies for obtaining synergies similar to those that have proven successful in previous transactions. These include:

- Preliminary identification of high-value synergies during the due-diligence process. These are reflected in the [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] AT&T expects to refine this analysis as the transaction planning and implementation process proceeds;

- Continuing to build on AT&T’s knowledge – consistent with legal and regulatory limitations – regarding each anticipated synergy and the most efficient means of accomplishing it. This may result in refinement of the nature, estimated value and timing of the planned synergies;

- Ongoing communications within AT&T planning teams and other AT&T employees to refine initial synergies estimates; and

- Development of a detailed plan for achieving synergies, execution of the plan, and measurement of progress in achieving the estimated synergies.
The benefits and synergies described below also are discussed in AT&T’s FCC filings and in [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] and other submissions to the Department of Justice. These documents have been provided to the Commission staff and are incorporated herein by reference. The discussion below summarizes prior statements in those documents and expands on those prior statements based on information currently available.

1. The Combined Company’s Ability to Offer a Better Bundle Will Increase Competition with Cable Companies

The bundled offerings of broadband and video services increasingly have become the focus of consumer demand and of competitive activity by cable incumbents, telephone companies ("telcos"), and broadband service providers ("BSPs"). DIRECTV lacks the broadband infrastructure to offer an integrated bundle of broadband and video services, and its [BEGIN DIRECTV HIGHLY CONFIDENTIAL INFORMATION] [END DIRECTV HIGHLY CONFIDENTIAL INFORMATION] AT&T is paying substantially more per subscriber for content than are its large cable competitors. The transaction will marry AT&T’s and DIRECTV’s complementary assets and expertise to offer consumers improved services, and better and more competitive bundles of video and broadband services.

Consumers, moreover, will be able to purchase these bundled products in more places. AT&T has 2,300 retail stores and thousands of authorized dealers and agents across the country
through which it can offer DIRECTV services as well as these integrated bundles of services. Those wireless retail outlets, as well as AT&T’s customer service and technician workforce, will also be available to DIRECTV’s customers across the country for customer support. At the same time, AT&T will use DIRECTV’s retail channels to offer these new bundled products and other AT&T products, including AT&T Mobility products.

a. **Outside of AT&T’s current video footprint**

Prior to the transaction, AT&T had planned to extend its video services to reach approximately 33 million customer locations, which is fewer than half of the locations within its wireline footprint. In the areas where today AT&T offers IPDSL or legacy DSL broadband services, and thus cannot offer U-verse video, the combined company will offer an integrated bundle of DIRECTV video and AT&T broadband products. That offering will include, among other things, a deeper level of integration of video and broadband capabilities, a single, common STB and user interface, common content offerings, and other important conveniences, such as one installation appointment, one point of customer care, and one bill. The combined company’s bundled offering will be more competitive with the service bundles offered by cable competitors.

In addition to doing away with redundant installation visits and other sources of customer inconvenience, an integrated bundle of AT&T broadband and/or voice services with DIRECTV

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102 **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**
will be unburdened by the “double marginalization” effect that drives up the price of synthetic bundles. These significant improvements, as well as the added content cost savings discussed below, will make the combined company’s bundled offer in these areas much more competitive with cable and other offerings than the “synthetic” (i.e. non-integrated) bundle of broadband and DBS video that the two companies offer today through a joint marketing arrangement.

After the transaction, AT&T also will be able to offer bundles of DIRECTV’s MVPD service and AT&T’s state-of-the-art 4G LTE mobile wireless services nationwide. A bundle of mobile broadband and DIRECTV’s video service will appeal to the increasing number of consumers who are using wireless connections for voice and broadband services in and out of the home, as well as consumers who watch video on mobile devices.

b. Within AT&T’s current video footprint

The combined company will offer millions of consumers a more competitive option to the cable bundle, with new technologies and services, and improved quality within AT&T’s U-verse video footprint. Consumers also will gain the option of purchasing DIRECTV’s satellite service integrated with AT&T’s broadband service, with the benefits described above. Post-merger, AT&T will work to integrate and enhance DIRECTV’s advanced technology in STB hardware and software to provide a superior user interface. That interface will improve consumers’ experience by providing consistent “look and feel” and channel lineup regardless of platform or device. The combined company will further improve the consumer experience by providing deeper integration of video and broadband capabilities, more robust remote troubleshooting, and state-of-the-art DVR and wireless in-home distribution capabilities.
2. Content Cost Savings

The most significant cost synergy over time will come from a reduction in the costs to acquire video content resulting from both the combined company’s larger subscriber base and, as a multiplatform distributor, the ability to offer increased value to programmers. The magnitude of these cost savings are discussed in more detail in the response to Request No. 69. Nevertheless, the Company summarizes them below.

As part of its synergies model, AT&T estimated that annual programming cost savings will begin in [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

Prior to the time the transaction is projected to close, AT&T’s expects its content cost per video subscriber to be approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

this transaction will reduce AT&T’s expected per-subscriber content costs as a standalone company by at least 20%.
Cost savings of the magnitude projected will enhance AT&T’s competitiveness in video service and bundles that contain video. One important example is that lower per-subscriber content acquisition costs will enable the combined company to offer consumers better service and to expand broadband deployment.

Additional content cost savings are likely to be realized [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

3. Expanded Broadband Service

The improved products enabled by the transaction will translate directly into more sales, reduced churn, and improved margins. Those changes, together with the significant content cost savings, in turn, enhance the business case for AT&T to expand the reach and quality of its broadband network beyond what would be possible otherwise. AT&T’s ability to offer better services to more places stimulates demand and will prompt AT&T to invest in expanding and enhancing its broadband capabilities, which, in turn, will stimulate further demand. This dynamic will exist for both wireline and fixed wireless broadband.

More information on AT&T’s ability to expand its broadband service can also be found in AT&T responses to Request Nos. 55 to 61 and below.

a. Expansion of AT&T’s Fiber to the Premises

The content cost savings and other synergies of the transaction will enable AT&T to expand the reach of its “GigaPower” high-speed broadband product to more customer locations
within AT&T’s wireline footprint. GigaPower is AT&T’s highest-speed FTTP broadband product. It will offer consumers speeds of approximately 1 Gbps.

A key limiting factor in GigaPower deployment to date has been the challenging economics of AT&T’s sub-scale video service, which means that broadband must bear [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] of the burden of repaying investment in GigaPower.

The significant content cost reductions made possible by this transaction will shift the point at which it makes business sense to invest in GigaPower FTTP expansion. AT&T’s analysis confirms that this transaction will make it economical to deploy GigaPower to at least 2 million additional customer locations, the majority of which are likely to be in areas where AT&T either does not currently offer broadband service or where it offers only DSL services, either legacy DSL or IPDSL. Significantly, AT&T can justify this expansion based solely on the expected reductions in video programming costs from extending DIRECTV’s current, lower per-subscriber costs to the U-verse offering.

This increase in the economic viability of AT&T’s GigaPower service from reduced content costs is independent of any expansion to GigaPower that other changes in the competitive landscape may justify. The business case improvements created by the transaction result in incremental additions to millions of customer locations, in addition to whatever other deployments are justified by other factors at any given time.

AT&T currently expects that most of the GigaPower deployment made possible by the transaction will be to customer locations outside the current U-verse video footprint. Those locations today either have no access to an AT&T wireline broadband Internet offering or have
access to AT&T DSL services that do not support MVPD service. Consumers in those locations will gain access to not only much faster broadband service, but also a more competitive alternative to cable for seamlessly integrated bundles of broadband, video, and other services.

Additional information on AT&T’s ability to expand its FTTP offering can be found in AT&T responses to Request Nos. 56, 61, and 62.

b. Investment in Fixed Wireless Broadband Service to Rural Areas

Today, many customers in rural areas lack access to a high-speed broadband service or have access to only one provider, typically DSL or an older and slower cable technology. The lack of modern broadband services in these areas limits, or in some cases completely negates, rural consumers’ ability to participate in many of the activities enabled by today’s broadband services. Those activities include, for example, remote healthcare services, long-distance learning, access to government Internet sites and social media, and entertainment available through OTT providers such as Netflix, Hulu, and Amazon Instant Video. Moreover, many of these rural consumers lack access to integrated bundles of broadband, video, and voice services, and are thus forced to cobble together their own “bundles” at significant expense and inconvenience, often with inferior broadband service and high voice toll charges.

The synergies from this transaction will address these issues directly by facilitating AT&T’s deployment of a new fixed WLL broadband service to about 13 million rural customer locations in 48 states. This transaction improves the business case for deploying fixed WLL services. It brings a new revenue source (MVPD services) and a more compelling offering (a
seamless broadband/MVPD/voice bundle available nationwide) that will increase per-customer revenues. At the same time, the transaction will both increase the rate of penetration of all components of the bundle and increase customer satisfaction, thus reducing expected churn. Together, all these factors increase AT&T’s ability to recover the upfront costs of deploying the service.

Currently, one of the main impediments to deploying fixed WLL is the high deployment costs. A fixed WLL service requires substantial upfront investments. AT&T must install additional antennas and other equipment at each cell site in areas it seeks to serve. In addition, unlike with mobile wireless service, AT&T must send a technician to conduct a professional installation at each customer’s location. AT&T incurs additional costs processing changes in service, addressing outages or other issues that can arise, and providing ongoing customer service support. Further, there is also the associated opportunity cost when deploying spectrum for fixed WLL rather than, for example, mobile broadband services.

Because of the business case improvements created by the transaction, AT&T has committed to deploy a fixed WLL service nationwide to 13 million locations throughout the country across an extensive geography covering parts of 48 states. Significantly, the fixed WLL network will largely serve rural areas with fewer than 250 people per square mile. About 85 percent of the customer locations, moreover, are expected to be outside of AT&T’s wireline footprint.

AT&T’s fixed WLL service will be the first truly high-speed broadband offering to many of these customer locations. In the portions of the fixed WLL footprint that already have broadband offerings, AT&T’s fixed WLL service will generally be at least on par with existing
broadband and thus will promote competition, offering an alternative to millions customers who currently have only one terrestrial option today. Additional information about AT&T’s investment in WLL can be found in AT&T responses to Request Nos. 58 and 59.

4. Development of OTT services

The transaction gives AT&T the ability to evolve with consumer demand for OTT offerings. AT&T post-transaction will have a new combination of assets including a nationwide base of video subscribers, a nationwide 4G LTE wireless network, a 21-state wireline broadband network, and DIRECTV’s expertise in customer interfaces for video services. And because AT&T has both wireline and wireless broadband networks to complement its MVPD offerings, it is especially well-positioned to offer content providers a coordinated set of platforms through which to reach their potential viewers, wherever those viewers want to be. Those extensive capabilities should make the combined company a much more desirable partner for developing innovative OTT arrangements.

AT&T projects that its annual spend with content providers will [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

As a much more important distributor of content to MVPD customers, AT&T will be a more attractive partner for a broader and more innovative set of content agreements to facilitate new OTT services.

DIRECTV’s in-house development team of engineers has substantial expertise in encoding digital content and developing interfaces for consumers to interact with OTT video.

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DIRECTV has already deployed this technology in the marketplace to facilitate live, real-time OTT streaming of linear content. The combined company will be able to leverage DIRECTV’s technology to establish a faster path to better and more integrated access to OTT content in a variety of contexts. The company, moreover, will have the resources and expertise to respond to rapidly evolving customer expectations.

Finally, the transaction will enhance the combined company’s ability to develop original programming. Along with AT&T’s recently announced $500 million joint venture with the Chernin Group to acquire, invest in, and launch OTT video services, DIRECTV has production facilities and also has efforts underway to produce original programming, including its DIRECTV Sports networks and niche OTT offerings. With its increased scale, the combined company will be better positioned both to launch and to market original programming and to fund more investment in new programming ventures.

5. Additional Synergies and Increased Innovation

Although the content-acquisition synergies described above are projected to be the Transaction’s most significant cost savings, the combined company will decrease its expenses and achieve synergies in a number of other ways while increasing its ability to innovate.

a. Additional Cost Savings

Further efficiencies will come from the integration of several service-delivery components across the two companies. For example, AT&T and DIRECTV will be able to consolidate outside call center vendors, customer call-center operations, IT systems, and other general and administrative and headquarters functions and services. This integration will eliminate duplicative systems and operations, thereby reducing expenses by [BEGIN AT&T
The transaction will also allow AT&T and DIRECTV to integrate AT&T’s IP distribution network and DIRECTV’s satellite network; consolidate broadcast centers; and save money in the operation of DIRECTV’s and AT&T’s super hub office (“SHO”). In addition, the combined company will be able to perform multiple installation services with a combined truck roll, the efficiencies will be even greater. This significant customer service improvement will provide a more seamless, cost-efficient installation and repair experience to customers and eliminate the inconvenience of having to schedule – and be present for – installation from two different vendors often on two separate days. The elimination of dual truck rolls will result in

In addition,
b. Technology Innovation

Other efficiencies will result from the adoption and adaptation of DIRECTV’s technology for AT&T’s U-verse video customers. For example, AT&T intends to adopt DIRECTV’s existing STB technology roadmap, resulting in a reduction of costs for CPE. Together, these efficiencies will create a best-in-class user interface that will provide a consistent “look and feel” for both U-verse and DBS customers. The combination of DIRECTV’s OTT streaming technology with AT&T’s advanced broadband network will facilitate the development and delivery of innovative OTT services. The fusion of DIRECTV’s expertise in developing innovative hardware and software with AT&T’s proficiency in transporting data across broadband networks will position the combined company to meet consumers’ evolving entertainment preferences – whether through traditional pay television or on-demand, OTT video services, and whether the consumer is accessing those services through a television or mobile device.

AT&T also plans to improve DIRECTV’s advertising platform to enhance the combined company’s ability to reach consumers with advertising that is tailored and compelling. By combining AT&T’s broadband access with DIRECTV’s satellite platform, the combined company will be better able to customize advertising. This will enhance the value of
DIRECTV’s inventory of advertising time, making it more attractive to advertisers and bringing DIRECTV’s per-unit advertising revenues closer to parity with AT&T’s.

b. produce all plans, analyses, and reports, models, assumptions, and spreadsheets, relating to the estimates of savings in costs, new or improved products the Company will introduce, and all synergies referred to in the Applicants’ filings in the record;

RESPONSE TO 68.b:

Documents responsive to this Request are included in AT&T’s document production.

d. state, for each cost savings, whether it is a fixed cost saving or a variable cost saving and explain the reasoning. State separately the one-time fixed cost savings, recurring fixed cost savings, and variable cost savings (in dollars per subscriber and dollars per year); and

RESPONSE TO 68.d:

Exhibit 68.d provides information about projected transaction-specific synergies. Detail regarding a break-down of estimated cost savings between fixed and variable cost is not available at this time beyond what is set forth in the Exhibit. The synergies AT&T expects to achieve through this transaction necessarily are described with some generality, and both the type and quantification of the synergies may evolve as more information becomes available and the integration planning process proceeds. AT&T’s methodology for its current synergies calculations is described in more detail in the Declaration of Rick L. Moore, Senior Vice President of Corporate Development for AT&T, submitted to the FCC on June 11, 2014.

e. for each new and improved product or service that the Company claims it will be able to offer as a result of the Transaction, state specifically the amount the Company will need to invest and spend to provide the new or improved product or service, identifying each element of the cost, including but not limited to, research, development, licensing fees, equipment and manufacturing costs.

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103 This document was attached at Exhibit 4.d.2 to AT&T’s Hart Scott Rodino filing.
104 Mr. Moore’s Declaration was included as an attachment to the PIS that the company filed with the Commission and previously produced to the Antitrust Division. See also Response to Request No. 69.
RESPONSE TO 68.e:

Exhibits 68.d.1 and 68.e.1 provide detailed information responsive to this Request.

69. REQUEST:

Paragraphs 14-19 of the Declaration submitted by Rick L. Moore in support of the Company’s Public Interest Statement provides an overview of the financial analysis that the Company conducted to estimate the magnitude of content cost savings that will result from the Transaction. Provide a description of this analysis, including but not limited to:

a. the Company’s and DIRECTV’s Video Programming cost data used in the financial analysis;

b. the Company’s analysis of the data used to estimate the magnitude of the reductions in license fees that the Company will be able to negotiate post-Transaction; and

c. BEGIN HIGHLY CONFIDENTIAL***

***END HIGHLY CONFIDENTIAL

RESPONSE:

AT&T’s analysis is based on [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

105 AT&T used its actual content costs and a forecast of costs from the six year plan developed by Corporate Finance in the ordinary course of business. See Bates No. ATT-FCC-00515458. DIRECTV’s content costs were taken from its three year financial plan dated February 14, 2014. See Bates No. ATT-FCC-01357343.

106 Declaration of Rick L. Moore, Senior Vice President, AT&T Inc. ¶ 15 (June 10, 2014) (“Moore Decl.”).
Exhibit 69.c.1 is Slide 52 of the Project Star – Executive Briefing Book Version 46 (May 16, 2014). Slide 52 of the Briefing Book provides an overview of the Company’s content cost savings analysis and contains calculation detail underlying the savings estimates over [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] Exhibit 69.c.2 is the content cost spreadsheet [END AT&T HIGHLY CONFIDENTIAL INFORMATION]

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107 Id.
108 Id.
109 Id.
that supports Slide 52 of the Project Star – Executive Briefing Book.\textsuperscript{111}

The programming cost savings are estimated by determining [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

Prior to the date the Company assumes the transaction will close, the Company’s content cost per video subscriber is expected to be [BEGIN AT&T AND DIRECTV HIGHLY CONFIDENTIAL INFORMATION]

However, based on the Company’s analysis and experience and knowledge of the Company’s agreements with content providers, AT&T expects to experience annual programming cost savings starting [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

\textsuperscript{111} Exhibit 69.c.2, “Content Costs” tab (Bates No. ATT-FCC-01741325).
\textsuperscript{112} Moore Decl. ¶ 17.
\textsuperscript{113} Id. ¶ 17.
\textsuperscript{114} Id. ¶ 18.
this transaction will reduce AT&T’s expected per-subscriber content costs as a standalone company by at least 20%.\textsuperscript{116} AT&T believes that it may achieve cost savings that are even greater than its conservative estimates, because the combined company will be able to offer more value to programmers, which will provide opportunities to negotiate better distribution rights.\textsuperscript{117} The combined company will be an integrated broadband, wireless, and video provider capable of delivering content on a national scale, across multiple screens and innovative platforms. As such, the company will be well-positioned to negotiate for broader, more valuable, and more diverse carriage rights from content owners.\textsuperscript{118} The merged company will also serve more subscribers than either AT&T or DIRECTV does now and will therefore provide more value by

\footnotesize
\begin{itemize}
\item \textsuperscript{115}\textit{Id.} \textsuperscript{¶} 16.
\item \textsuperscript{116}\textit{Id.} \textsuperscript{¶} 18.
\item \textsuperscript{117}See Declaration of John T. Stankey, Group President and Chief Strategy Officer AT&T Inc. \textsuperscript{¶} 23 (June 10, 2014) (“Stankey Decl.”).
\item \textsuperscript{118}\textit{Id.} \textsuperscript{¶} 23.
\end{itemize}
permitting distributors to reach more subscribers across multiple video platforms. Moreover, AT&T will have opportunities during existing contract terms to

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] then the content cost savings will be even more substantial than AT&T’s conservative estimates.

70. REQUEST:

Produce all documents (except documents solely relating to environmental, tax, human resources, OSHA, or ERISA issues) relating to the Transaction and provide:

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

a. a timetable for the Transaction, a description of all actions that must be taken prior to consummation of the Transaction, and any harm that will result if the Transaction is not consummated;

RESPONSE:

Pursuant to the terms and conditions of the Agreement and Plan of Merger dated as of May 18, 2014 (the “Merger Agreement”), AT&T, through its wholly owned subsidiary, Steam Merger Sub LLC (“Merger Sub”), will acquire one hundred percent (100%) of the issued and outstanding voting securities of DIRECTV, by means of a merger of DIRECTV with and into

119 Id. ¶ 24.
120 Id. ¶ 25.
Merger Sub. As a result of the transaction, the separate corporate existence of DIRECTV will cease, with Merger Sub surviving as a wholly owned subsidiary of AT&T. In connection with this transaction, DIRECTV shareholders will receive consideration of $95.00 per share, comprised of $28.50 per share in cash and $66.50 per share in AT&T common stock, subject to adjustment.

The consummation of the Transaction is subject to the satisfaction or waiver of the conditions to closing set forth in the Merger Agreement, which include: (i) the approval of the Commission, pursuant to the Communications Act; and (ii) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”).

International merger control or other regulatory filings or approvals in countries are countries are

All necessary state notifications and applications have been filed and all required approvals have been obtained. The parties have also made required filings with the Securities and Exchange Commission. Prior to the closing, DIRECTV’s shareholders must vote to approve the Transaction.

As stated in AT&T’s press release, the parties expect the Transaction will close within approximately twelve months of its execution. If consummation of the Transaction is delayed, the pro-consumer synergies and efficiencies resulting from the Transaction would be at least delayed and at worst prevented. As a result, AT&T, DIRECTV, and their customers, employees, and shareholders would incur significant adverse consequences, including, but not limited to, the
following:

- Consumers nationwide would be deprived of the benefits that would result from the combined company’s ability to offer more competitive MVPD services and bundles in competition with the cable companies.

- Consumers nationwide would be deprived of the benefits that would result from the combined company’s ability to secure lower programming costs, including: (i) more competitively priced video services, (ii) improved product offerings, and (iii) new services or capabilities.

- Consumers nationwide would be deprived of the benefits that would result from the combined company’s enhanced ability to bundle MVPD and mobile broadband services, as well as to partner with content providers to follow consumer demand for over-the-top video service across all screens.

- Consumers throughout the country would be deprived of the benefits that would result from the deployment of fixed wireless local loop broadband services to millions of customer locations.

- Consumers throughout AT&T’s wireline footprint would be deprived of the benefits that would result from the expanded deployment of fiber-to-the-premises services to millions of customer locations.

- The combined company, its employees and shareholders, would be deprived of the benefits that would result from the significant programming cost savings, enhanced new products and service offerings, and overall growth in MVPD competition that would result from the transaction.

b. a description of (including the rationale for, and identification of all documents directly or indirectly used to prepare the Company’s response to this sub-part) all plans for changes in AT&T operations, structure, policies, strategies, corporate goals, financing, business, officers, employees or any other area of corporate activity as a result of the Transaction;

c. a description of, and all documents relating to each alternative to the Transaction by which the Company could achieve the efficiencies and cost-
savings identified in Request 68 above and for each, why the Company could not achieve that efficiency without the Transaction; and

RESPONSE:

Documents responsive to Request Nos. 70.b and 70.c are included in AT&T’s document production.

AT&T has explained in detail the significant synergies and efficiencies it anticipates will result from the Transaction in response to Request No. 68 above, as well as in its prior filings with the Commission. As discussed in those submissions, the Transaction will generate significant content cost savings, as well as additional operating cost savings from combining call and broadcast centers, reducing installation and service costs, and consolidating general administrative and headquarters functions, among other things. The acquisition of DIRECTV will also position AT&T to offer consumers more attractive products and services, to expand AT&T’s broadband network (both within the Company’s wireline footprint and outside that footprint), and to promote the development of new OTT services and other technologies. Integrating the two companies and achieving these synergies and efficiencies will involve numerous changes to the Applicants’ existing operations, structures, policies, and strategies.

As of the date of this Response, AT&T’s detailed integration planning process is in the early stages. AT&T will not be in a position to make any final determinations about potential changes to the operations, structure, etc. of either company until AT&T is able to obtain more detailed information about DIRECTV’s operations, which will occur later in the integration planning process and, in some cases, after closing. The Company’s preliminary, pre-merger integration planning efforts are subject to change as the process moves forward, and based on
external events and the outcome of the regulatory process. Additional information regarding those efforts is included in AT&T’s response to Request No. 68.

AT&T is not aware of and has not analyzed any alternative to the Transaction capable of generating efficiencies and cost-savings of the same size, scope, and scale as those identified in response to Request No. 68 above.

d. a description of any other terms or conditions of the Transaction that are not reflected in the merger agreement between the Applicants or other documents supplied in response to this Request.

RESPONSE:

There are no terms or conditions of the Proposed Transaction that are not reflected in the Agreement and Plan of Merger dated as of May 18, 2014, executed by and between AT&T Inc., DIRECTV, and Steam Merger Sub LLC, including the exhibits, schedules, disclosure letters and related agreements. Copies of those materials are enclosed as Exhibits 70.d.1 through 70.d.13.

71. REQUEST:

Describe, and produce all documents discussing, each category of synergies, efficiencies or cost savings the Company attempted to realize or realized, including the time and cost anticipated for achieving, or required to achieve, those savings as a result of the following transactions:

a. Applications of AT&T Wireless Services, Inc. and Cingular Wireless Corp. for Consent to Transfer Control of Licenses and Authorizations, WT Docket No. 04-70, Memorandum Opinion and Order, 19 FCC Rcd 21522 (2004);

b. SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control, WC Docket No. 05-65, Memorandum Opinion and Order, 20 FCC Rcd 18290, (2005);

c. AT&T Inc. and BellSouth Corporation Application for Transfer of Control, WC Docket No. 06-74, Memorandum Opinion and Order, 22 FCC Rcd 5664 (2007);
d. Applications of AT&T Inc. and Dobson Communications Corporation For Consent to Transfer Control of Licenses and Authorizations, WT Docket No. 07-153, Memorandum Opinion and Order, 22 FCC Rcd 20295 (2007);

e. Applications of AT&T Inc. and Centennial Communications Corp. For Consent to Transfer Control of Licenses, Authorizations, and Spectrum Leasing Arrangements, WT Docket No. 08-246, Memorandum Opinion and Order, 24 FCC Rcd 13915 (2009); and


RESPONSE:

AT&T has extensive experience integrating acquired assets, including wireless, wireline, and broadband. Over the course of these prior acquisitions, AT&T has met or exceeded key targets for synergies and cost savings, and has delivered significant customer benefits.

The following response is based on AT&T data maintained in the ordinary course of business, which do not reflect the complete picture of prior integrations. For certain transactions, AT&T tracked itemized cost savings and compared projected savings anticipated when the transaction was announced to savings actually achieved. In other transactions, AT&T focused instead on integration efforts and milestones achieved.

A. Acquisition of AT&T Wireless Service, Inc. by Cingular Wireless Corporation, SBC Communications, Inc., and BellSouth Corporation

The AT&T Wireless acquisition closed in 2004. Within two years of the acquisition, most of the integration work was complete and merger synergies were being realized along with 3G network expansion and new product launches. By 2006, Cingular had expanded 3G coverage to 165 cities and over 120 million people; launched Cingular Music; and released several innovative products like the Nokia E62 with a large selection of email clients,
embedded 3G modems in laptops, and Tele NAV GPS Navigator, AT&T’s first commercial location-based services application.

After the acquisition, AT&T improved Cingular’s customer retention and at the same time achieved lower operating expenses associated with sales, customer care, certain network costs and general and administrative functions. Additionally, within three years of the acquisition, Cingular was able to outperform its own integration plans in key areas such as cost reductions in information technology and billing, sales, and marketing as a result of efficiencies associated with the acquisition.

Pre-merger, Cingular anticipated savings in capital expenditures of [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] from diminished need for future capacity and tower additions, reduced future equipment purchases, greater purchasing power, and network efficiencies.121 Cingular projected reduced operational expenses of [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] from consolidating multiple network operations.122 Cingular anticipated reduced costs per gross additional customer from consolidating advertising and marketing, optimizing sales/distribution, and volume pricing on handsets.123

Cingular met or exceeded key cost synergy projections. For example, in 2005, Cingular

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122 Id. ¶ 25.
123 Id. ¶26.
exceeded its targets in the supply chain category in cumulative handset and network synergies.\textsuperscript{124} For handsets, Cingular estimated synergies of [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] \textsuperscript{[END AT&T HIGHLY CONFIDENTIAL INFORMATION]} For network, Cingular estimated synergies of [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] \textsuperscript{[END AT&T HIGHLY CONFIDENTIAL INFORMATION]} The merged companies anticipated that the merger would increase network capacity and provide spectrum and compatible network resources to fill coverage holes of both companies and cause significant near-term improvements in service quality for customers.\textsuperscript{127} As expected, the merged company saw an improvement in dropped call rates of more than [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] \textsuperscript{[END AT&T HIGHLY CONFIDENTIAL INFORMATION]} \textbf{B. Acquisition of AT&T Corp. by SBC Communications, Inc.} The AT&T Corp. acquisition closed in 2005. At the time the transaction was proposed, SBC had estimated that the net present value of merger synergies from the transaction would be

\begin{itemize}
\item \textsuperscript{124} Exhibit 71.3, Cingular Financial Dashboard, December 2005, at 7.
\item \textsuperscript{125} Id.
\item \textsuperscript{126} Id.
\item \textsuperscript{127} Exhibit 71.2, AT&T Wireless-Cingular McGaw Decl., ¶¶ 12-15.
\item \textsuperscript{128} [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] \textsuperscript{[END AT&T HIGHLY CONFIDENTIAL INFORMATION]}
\end{itemize}
One year later, the new AT&T’s successful experience led it to increase the synergy forecast to approximately [REDACTED].

From 2006 through 2008, actual synergy savings exceeded expectations in a variety of areas including network planning and engineering, international terminating access, information technology, and procurement. Exhibit 71.6 tracks cost savings anticipated at the time the transaction was announced and the actual savings achieved during integration.

At the time the transaction was announced, SBC expected to achieve efficiencies of approximately [REDACTED]. The new AT&T met and exceeded these forecast synergies. SBC expected to achieve cost synergies of approximately [REDACTED]. In fact, AT&T exceeded its overall projections in each of those years.

At the time the deal was announced, SBC expected network cost savings would result from sources including procurement improvements, POP access consolidation, optimization of...

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129 Exhibit 71.5, AT&T-SBC Kahan Decl. ¶37.
130 See Exhibit 71.6, T-Synergy Summary Master, (“Overall_RS_Slide”).
131 Exhibit 71.6, “Overall_RS_Slide”, line 8.
132 Exhibit 71.6, “Overall_RS_Slide”, line 8.
transport facilities, eliminating expenses associated with off-net providers outside of SBC’s current region, reduced headcount, and shifting dial-up Internet traffic and IP traffic to AT&T’s network. The new AT&T realized many of these efficiencies and exceeded its overall projected cost synergies in this category.

There were several other areas in which AT&T achieved greater synergies than anticipated. For example, the synergies achieved for information technology greatly exceeded the estimates. SBC expected cost savings of

There were certain instances in which the efficiencies projected were not achieved in the anticipated timeframe. One such area was Global Access Management, which refers to savings SBC planned to achieve in transport. Prior to the merger, AT&T had agreements in place to hand off traffic to another carrier to reach certain customer locations. Post-merger, some efficiencies were gained because AT&T was able to move traffic to SBC’s network.

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133 Exhibit 71.7, AT&T-SBC Public Interest Statement, pg. 21-44; Exhibit 71.8, Joint Opposition of SBC Communications Inc. and AT&T Corp. to Petitions to Deny and Reply Comments, pg. 18-19.

134 Exhibit 71.6 (“NetOps_NPE_Detail”).

135 Exhibit 71.6 (“Non-Labor_Expenses_RS_Slide”, line 40).

136 Exhibit 71.6 (“Non-Labor Expenses RS Slide”, line 25). [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]
Similarly, while AT&T far exceeded its overall network synergy projections, there were some specific categories where synergies were not as high as projected.139

C. Acquisition of BellSouth Corporation by AT&T Inc.

The BellSouth acquisition closed in 2006. At the time the transaction was proposed, AT&T expected to achieve efficiencies of approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] AT&T exceeded those expectations. It achieved synergies of [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] Exhibit 71.8 tracks cost savings anticipated at the time the transaction was announced and the actual savings achieved during integration.

AT&T either met or exceeded overall expense and capital synergy targets as many cost

137 Exhibit 71.6 (“Non-Labor_Expenses_RS_Slide”, line 38).
138 Exhibit 71.6 (“Non-Labor_Expenses_RS_Slide”, line 38).
139 Exhibit 71.6 (“Non-Labor_Expenses_RS_Slide”; “NetOps_NPE_Detail”)
140 Exhibit 71.9, AT&T-BellSouth Kahan Decl. ¶ 42.
141 Exhibit 71.10, BLS_Synergies_Master, (Overall_RS_Slide).
savings far exceeded the plan. In human resources, for example, AT&T achieved savings of approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

There are several other examples of categories in which AT&T exceeded its synergy projections. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

Although AT&T exceeded its overall projections for the transaction, there were some categories in which AT&T was unable to achieve its projected synergies. For example, at the time of the proposed merger, Cingular spent over [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

142 Exhibit 71.10 (Overall_RS_Slide).
143 Exhibit 71.10 (Non-Labor_Expense_RS_Slide).
144 Exhibit 71.10 (Non-Labor_Expense_RS_Slide).
145 Exhibit 71.10 (Non-Labor_Expense_RS_Slide).
146 Exhibit 71.10 (Non-Labor_Expense_RS_Slide).
147 Exhibit 71.10 (Non-Labor_Expense_RS_Slide).
annually to promote a separate brand. AT&T, BellSouth, and Cingular combined spent approximately annually on advertising. AT&T anticipated that it would be able to capitalize on the brand equity attached to its name and offer a unified marketing and advertising campaign, enabling it to achieve savings on its advertising expense. AT&T did not meet this goal because it had to spend more than anticipated on advertising to remain competitive in the marketplace.

AT&T also missed its initial targets in other categories. While AT&T did not achieve anticipated savings in Diversified Business-Operator Services in the first year, due to

AT&T did not achieve synergies related to

__END AT&T HIGHLY CONFIDENTIAL INFORMATION__

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148 Exhibit 71.9, AT&T-BellSouth Kahan Decl. ¶ 43.
149 Exhibit 71.10 (Non-Labor_Expense_RS_Slide).
150 Exhibit 71.10 (Non-Labor_Expense_RS_Slide; Network_NPE&E_Detail).
151 Exhibit 71.10 (Non-Labor_Expense_Detail_Updated).
152 Exhibit 71.10. (Master. Non-Labor Expense RS Slide).
D. Acquisition of Dobson Communications Corporation by AT&T Inc.

The Dobson acquisition closed in 2007. At the time the acquisition was proposed, AT&T expected that the combined company’s greater cell site density and more efficient use of complementary spectrum would lead to improved reception and signal quality. It was successful on both counts.\(^\text{155}\)

AT&T estimated that the savings resulting from this transaction would have a net present value of [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] AT&T expected that the transaction would reduce customer acquisition costs (reduced marketing/advertising and handset procurement costs, closure of redundant retail locations, use of well-known AT&T brand).\(^\text{157}\) AT&T was able to reduce the cost of retail locations

\(^{153}\) Exhibit 71.10 (Network NPE&E Detail).

\(^{154}\) Exhibit 71.10 (Network NPE&E Detail).

\(^{155}\) Exhibit 71.11, Dobson Acquisition Analysis.

\(^{156}\) Exhibit 71.12 AT&T-Dobson Moore Decl. ¶ 20.

\(^{157}\) Exhibit 71.12 AT&T-Dobson Moore Decl. ¶¶ 22-25.
more than projected.\textsuperscript{158}

AT&T further expected that the combined company would experience a significant reduction in billing expenses because of consolidated customer billing, distribution, and back officer services.\textsuperscript{159} Post-merger, AT&T anticipated that the billing expense per subscriber would be [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] Prior to the merger, Dobson outsourced its billing operations but as a result of the merger, billing costs were reduced because the function was brought in-house to AT&T. The use of online billing, which AT&T used, was a key factor in realizing the increased savings.

AT&T anticipated savings by consolidating redundant cell sites and reducing network operating expenses. The integration plan called for reducing the number of Dobson’s towers from [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

E. Acquisition of Centennial Communications Corp. by AT&T Inc.

The Centennial acquisition closed in 2009. At the time the transaction was proposed, AT&T projected efficiencies related to network integration and customer experience. With

\textsuperscript{158} Exhibit 71.13, Rural Acquisition Synergies- Executive Update (March 10, 2009), pg. 3.
\textsuperscript{159} Exhibit 71.12 AT&T-Dobson Moore Decl. ¶ 26-27.
\textsuperscript{160} Exhibit 71.13, pg. 3.
\textsuperscript{161} Exhibit 71.13, pg. 3.
\textsuperscript{162} Exhibit 71.13, pg. 3.
regard to network integration and expansion, AT&T met the synergy targets.\textsuperscript{163} Centennial had not commercially deployed 3G on the U.S. mainland before being acquired by AT&T.\textsuperscript{164} In the continental United States, AT&T focused on over [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] where it upgraded the 2G network in the acquired footprint. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

AT&T also anticipated realizing “Customer Experience” and “Billing & Care” synergies.\textsuperscript{166} To ensure the highest level of customer care, AT&T typically maintains legacy call centers to support legacy customers until they are migrated to the new network. This results in AT&T’s integration of customer care call centers closely following the network integration and enhancement. As of April 2012, all customer migration had been completed and the Centennial call centers were fully integrated into AT&T.

F. Acquisition of Leap Wireless by AT&T Inc.

The Leap Wireless acquisition only recently closed in March 2014. When AT&T announced the acquisition in July 2013, it estimated that in year three of the combined company’s operations, the transaction would generate net annual savings and other synergies of approximately

\textsuperscript{163} Exhibit 71.14, Zodiac/Centennial Executive Update (May 2, 2011), pg. 22-29.
\textsuperscript{164} Exhibit 71.15, AT&T Centennial Moore Decl. ¶ 11.
\textsuperscript{165} Exhibit 71.14, pg. 22-29.
\textsuperscript{166} Exhibit 71.15, AT&T Centennial Moore Decl. ¶ 31.
These expected cost savings are to be realized primarily in the following broad categories: (1) network synergies from the integration of AT&T’s and Leap’s complementary network assets, resulting in increased capacity and an improved network experience for customers; and (2) significant operational cost savings.168

Network Benefits – AT&T is on track for its plan in year three of the combined company’s operations to generate network synergies with annual operating savings of approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

Operational Benefits – AT&T estimates that in year three of the combined company’s operations, the transaction will result in additional operational annual cost savings of

167 Exhibit 71.16, 7/11/13 Overview Deck at 39-41.
168 Exhibit 71.17.
170 Id. at 25 (Exhibit 71.16).
approximately \[\text{BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION}\]

\[\text{END AT&T HIGHLY CONFIDENTIAL INFORMATION}\] For example, the roaming expenses that Leap would have paid as a standalone company will be substantially reduced because AT&T will offer a significantly greater on-net footprint and expanded coverage in comparison to Leap’s current network. AT&T will optimize the combined company’s distribution network to enhance both retail coverage and customer service while eliminating significant cost.\[^{172}\] AT&T will be able to maximize the effectiveness of its advertising and marketing spend.

In addition, there are substantial synergy opportunities in the area of customer support, equipment, and general and administrative costs.\[^{173}\] These include cost savings that will result from combining and optimizing customer support functions, including call center and billing operations, while maintaining a high level of support. There also will be cost savings from removing redundancy in corporate and overhead functions.

AT&T closed its acquisition of Leap Wireless less than five months ago on March 13, 2014, and only began to operate as one company for sales purposes on May 18, 2014. As such, AT&T is not yet in a position to determine or calculate cost savings realized as a result of the acquisition. AT&T, however, has begun the preliminary integration and planning process.

\[\text{BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION}\]

\[^{171}\] \textit{Id.} at 39-40 (Exhibit 71.16).
\[^{172}\] \textit{Id.} at 46 (Exhibit 71.16).
\[^{173}\] \textit{Id.} at 41 (Exhibit 71.16).
72. REQUEST:

Produce all documents analyzing, estimating, justifying or providing the basis for, or otherwise discussing any synergies claimed in the Public Interest Statement.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

73. REQUEST:

Produce all documents (i) relating to any communication between employees of the Company and any other Person with respect to any potential cost savings, efficiencies or synergies, (ii) provided by any other Person to the Company relating to any potential cost savings, efficiencies or synergies, and (iii) provided by the Company to any other Person relating to any potential cost savings, efficiencies or synergies.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

74. REQUEST:

Describe and provide all documents discussing the effect of the proposed Transaction, on Settlement-Free Peering and Paid Peering arrangements, including the agreement recently reached between AT&T and Netflix.

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

174 See Exhibit 71.18, Cricket Subscriber Forecasts.
175 See Exhibit 71.19, Employee Turnover (June 2014).

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
INFORMATION] Any documents responsive to this request are included in AT&T’s document production.

75. REQUEST:

Describe terms the Company offers for Settlement-free Peering, Paid Peering and Transit Service agreements, including, but not limited to the length of contract, traffic levels and commitments, localization/number of interconnect locations, penalties for falling short on any terms, and pricing.

RESPONSE:

The general criteria for peering with AT&T are published on AT&T’s website (http://www.corp.att.com/peering/). The terms and conditions under which AT&T provides peering and Managed Internet Service (“MIS”) services are negotiated and vary from contract to contract. To respond this request, AT&T is providing its contracts with each of its [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] domestic peers, and its contracts with AT&T’s 25 largest (measured by purchased capacity as of August 2014) MIS customers.

76. REQUEST:

Produce all documents relating to plans, policies and procedures for managing traffic into and over the Company’s network, including documents discussing Verizon v. FCC, 740 F.3d 623 (2014); AT&T/BellSouth, 22 FCC Rcd 5662, 5814–15, app. F (Net Neutrality); SBC/AT&T, 20 FCC Rcd 18290, 18293, para. 3 (discussing commitment to abide by the Internet Policy Statement), documents relating to the Company’s usage-based pricing policies, and documents that analyze the tradeoffs to allocating differing bandwidth levels to MVPD Service, Internet Access Service, and Telephony Service.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.
77. REQUEST:

Produce all documents relating to the Company’s or any other company’s policy or practice with respect to peering, including, but not limited to, any discussion or consideration of imposing charges or conditions upon peering, including any discussion of the effects of such policy or practice or change in such policy or practice. Produce all documents that discuss costs associated with Internet interconnection, including the sale of transit, the purchase of Transit Service, Settlement-free Peering, Paid Peering, or equivalent arrangements.

RESPONSE:

Documents responsive to this Request are included in AT&T’s document production.

78. REQUEST:

Identify each Person (a) with whom the Company has replaced a Settlement-free Peering arrangement with a Paid Peering or Transit Service agreement, and describe the date the change was made and the reason(s) why the Company replaced the Settlement-free Peering arrangement with a Paid Peering or Transit Service arrangement; and (b) who has replaced a Settlement-free Peering arrangement with the Company with a Paid Peering or transit agreement, and describe the date the change was made and any reason(s) offered by that Person for replacing the Settlement-free Peering arrangement with a Paid Peering or Transit Service agreement.

RESPONSE:

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

79. REQUEST:

Describe, and produce all documents discussing, the Company’s policies with respect to upgrading, declining to upgrade, or downgrading interconnections between the Company and any other Person, including:

a. the Company’s policies and procedures for addressing congestion at interconnection links, including but not limited to how far in advance the
Company plans for upgrades of interconnection links; how it determines whether to upgrade Capacity when requested; whether it automatically seeks to add additional Capacity when interconnection links reach a certain level of traffic (and if so, where that level is set); and the costs, processes, and length of time involved in provisioning additional Capacity, including a description of, and how the Company determines, which party should bear which costs;

b. any metrics that the Company uses in order to determine the necessity or propriety of an upgrade (e.g., maximum acceptable network utilization or congestion, maximum acceptable packet loss);

c. The criteria by which the Company chooses a particular type of upgrade (e.g., addition of an interconnection site, addition of Capacity at an existing site);

d. the allocation between the Company and the other Person of responsibility for payment for the upgrades; and

e. the dates any upgrades or downgrades were approved or denied, the interconnected Person or Persons affected by the approval or denial, and the type of upgrade or downgrade.

RESPONSE:

Responsive documents are included in AT&T’s document production.

As to AT&T’s peering arrangements, [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
“AT&T Global IP Network Settlement-Free Peering Policy,” available at http://www.corp.att.com/peering/ (“AT&T Peering Policy”) (“Peer must maintain a balanced traffic ratio between its network and AT&T. In particular, a new peer must have: a. No more than a 2.00:1 ratio of traffic into AT&T: out of AT&T, on average each month. b. A reasonably low peak-to-average ratio”).

176 “AT&T Global IP Network Settlement-Free Peering Policy,” available at http://www.corp.att.com/peering/ (“AT&T Peering Policy”) (“Peer must maintain a balanced traffic ratio between its network and AT&T. In particular, a new peer must have: a. No more than a 2.00:1 ratio of traffic into AT&T: out of AT&T, on average each month. b. A reasonably low peak-to-average ratio”).

177 [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]
See AT&T Peering Policy ("Existing peers whose in:out ratio rises above 2.00:1 will be expected to work with AT&T to implement best-exit routing or to take other suitable actions to balance transport costs").

178 See AT&T Peering Policy ("Existing peers whose in:out ratio rises above 2.00:1 will be expected to work with AT&T to implement best-exit routing or to take other suitable actions to balance transport costs").

179 [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
80. REQUEST:

Describe and provide all documents relating to the effect of the proposed Transaction on the Company’s investment of resources in communications security and the Company’s existing cybersecurity technologies and practices, including:

a. the extent to which the proposed Transaction would improve service quality and management of communications security and reliability risks in general;

b. whether, and to what extent, the combined entity plans to utilize the National Institute of Standards and Technology (NIST) Framework for Improving Critical Infrastructure Cybersecurity;
c. cybersecurity risk management challenges and improvements associated with
the Transaction, including combining network infrastructure, enterprise risk
management functions, procurement processes, and communications security
personnel; the current states and target states of cybersecurity risk
management; and present cybersecurity gaps, and any actions, policies, and
timeframes identified to close the gaps;

d. the methods and technologies the combined entity will use to enable real-time
awareness of cyber risk across its combined network; and

e. how the combined entity will enhance communications security for its own
customers and for the overall broadband ecosystem, including but not limited to
the performance, integrity, and reliability of public safety communications
imperatives that may rely on its networks or applications, such as E911, NG911,
text-to-911, and emergency alerts.

RESPONSE:

Network security and information security are cornerstones of AT&T’s operations
worldwide, and AT&T has a comprehensive risk-management program in place to ensure the
security and integrity of its network and services. AT&T routinely collaborates with the
Commission on emerging issues and security-standards development through the
Communications Security Reliability and Interoperability Council. AT&T also participates in
the Communications Sector Coordination Council for critical infrastructure, led by the
Department of Homeland Security. Furthermore, AT&T participates in the National Security
Telecommunications Advisory Council, which advises the Executive Office of the President on
national security and cybersecurity policy. As discussed below, AT&T’s proposed combination
with DIRECTV will only enhance the effectiveness of these endeavors and enable it to provide
even better security going forward.

As part of its overall security effort, AT&T has developed and maintains the AT&T
Security Policy and Requirements (ASPR), which are security-control standards based in part on
leading industry standards such as ISO/IEC 27001:2005. AT&T continually updates ASPR as the cybersecurity landscape shifts, enabling AT&T to provide robust security for its customers and also in connection with the overall security ecosystem. For instance, AT&T maintains an extensive security program for the detection and mitigation of cyber threats. The program includes access controls; network perimeter protection; intrusion detection; workstation security management; security status checking and vulnerability testing; risk management; security advisory program; security incident reporting; management and response; security compliance reviews; internal and external reviews and audits; real time traffic monitoring; change management; business continuity and disaster recovery; AT&T corporate management engagement; strategy for continuous improvement; dedicated personnel security; security awareness and education; and security training and certifications. AT&T has consistently met Sarbanes-Oxley and Payment Card Industry requirements, which are cybersecurity-intense standards that influence and strengthen ASPR.

The Baseline Framework to Reduce Cyber Risk to Critical Infrastructure (the “Cybersecurity Framework”) that the National Institute of Standards and Technology published in February 2014 forms an important complement to ASPR and AT&T’s cyber-risk management program. The Cybersecurity Framework builds upon existing industry standards and promotes a flexible framework designed to respond quickly and effectively to new threats.

In connection with the proposed transaction, the Cybersecurity Framework will be an important resource for AT&T to draw upon once full-fledged integration efforts begin following closing of the proposed Transaction. AT&T has a history of successfully incorporating acquired businesses into its existing, robust risk-management program, and will have a team from its
Chief Security Office dedicated to the secure integration of AT&T and DIRECTV. A goal of those integration efforts, which are just now beginning as part of the integration-planning process and will be a high priority for the combined entity’s integration efforts, will be to ensure the smooth integration of the cybersecurity integration efforts and the expansion of ASPR to cover DIRECTV, whose assets are largely complementary to AT&T’s. That effort will entail ensuring not only that no gaps are created through the combination of two different systems, but also that best-practices of each company are adopted to facilitate stronger security efforts going forward.

Achieving real-time awareness of cyber security threats will be part of that process. The AT&T Security Operations Center (“SOC”) is a centralized function that continuously monitors and analyzes traffic through AT&T’s backbone, providing near-real-time and advance notification of different types of security events across multiple devices and device types. The SOC provides alerts, situational awareness, incident response, and proactive threat vulnerability analysis to manage threats and clean harmful traffic. The integration of AT&T and DIRECTV promises to enhance the SOC’s effectiveness by providing a larger footprint to draw upon in assessing overall cybersecurity risks.

Supply-chain security is another important aspect of AT&T’s security efforts, and will be a critical aspect of integration efforts with DIRECTV. AT&T deals with a carefully selected and limited number of well-established infrastructure vendors, and has trusted relationships with these manufacturers and vendors that have developed over time. When conducting due diligence in the selection of infrastructure, AT&T may, among other things, evaluate hardware and software to ensure it meets AT&T’s security standards; test equipment to ensure data transfers cannot be intercepted or redirected; test software to ensure data transmission security; examine
manufacturer’s provenance and business history; and consult with the NIST or the Department of Commerce. The combined entity will continue with these protocols.

After the acquisition, AT&T will continue to meet its legal obligations and voluntary commitments with respect to emergency alerts. AT&T remains committed to supporting national security and public safety functions, including all aspects of 911 emergency services and emergency alerts.

Attached as Exhibits 80.1, 80.2, and 80.3 are documents responsive to this Request.

Additional documents responsive to this Request, to the extent such documents exist, are included in AT&T’s document production.

**81. Provide the Company’s data as specified in Attachments, which seek data relating to:** availability, subscribers, and ARPU; census block distribution areas; Delivery Technology Distribution Areas; Internet Access; Plans, Synthetic Bundles; Interconnection, and Site Data.

**RESPONSE:**

Pursuant to discussions with Commission Staff, AT&T’s response to Request No. 81 does not include information for business subscribers except as expressly noted below, is limited to its 22-state ILEC wireline footprint, is for the months between July 1, 2013 and June 30, 2014 for DSL and legacy telephony, and does not include information for services delivered over a mobile wireless broadband network. In addition, AT&T may rely on service-level subscriber billing information rather than line item subscriber billing information in preparing its response as it relates to DSL and legacy telephony services.

Subject to these modifications, AT&T is providing the data as specified in the Attachments to the extent such data are available. Some of the requested data are not maintained
in the requested form in the ordinary course of AT&T’s business and may be incomplete or contain inaccuracies. Exceptions to AT&T’s ability to report data in the manner requested are indicated below.

“Availability, Subscription and ARPU data by delivery technology” Table

For its response to the “Availability, Subscription and ARPU data by delivery technology” table, AT&T is providing available responsive data in Exhibits 81.a.1, 81.a.2, 81.a.3, and 81.a.4.180 In Exhibit 81.a.1, AT&T is providing monthly data on customer locations where the Company offers service (ELUs) by technology type from January 2012 to June 2014, to the extent possible. ELUs are provided for Copper with no xDSL capability (technology code 1), xDSL (technology code 2), IPDSL and FTTN without MVPD Service combined (technology code 3 or 4), and FTTN with MVPD Service and FTTP combined (technology code 5 or 6).181 Data limitations prevent reporting separately by technology code for some locations; in such cases locations are classified as “unknown.” Exhibit 81.a.1 does not report ELUs separately for residential and other customer locations, [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION].

Exhibits 81.a.2 and 81.a.3 report subscriber and average revenue per subscriber data by technology type to the extent possible. Data are provided separately for IPDSL (technology code 3), FTTN with MVPD Service and FTTN without MVPD Service combined (technology code 4

180 Exhibit 81.a.5 contains notes and definitions of terms used in Exhibits 81.a.1, 81.a.2, 81.a.3, and 81.a.4.
181 AT&T offers MVPD Service only to ELUs with technology code 5 or 6. Internet Access Service can be provided to ELUs with technology codes 2-6. For a further breakdown of the tiers of Internet Access Service that are available over each technology, see Exhibit 3.b.4. VoIP service can be provided to ELUs with technology codes 3-6. Legacy telephony service can be provided to any ELU.
or 5), and FTTP (technology code 6). Data limitations prevent reporting separately by technology code for some subscribers; in such cases subscribers are classified as “unknown.” Exhibit 81.a.2 reports data for both legacy and IP products, while Exhibit 81.a.3 reports data for IP products only (MVPD, HSIA, and VoIP). Exhibit 81.a.2 reports data on continuing subscribers for all combinations of MVPD Service, Internet Access Service, and Telephony Service, on a monthly basis from July 2013 to June 2014. Exhibit 81.a.3 reports the number of continuing subscribers for combinations of MVPD Service, HSIA Internet Access Service, and VoIP Telephony Service, on a monthly basis from January 2012 to June 2014. Exhibits 81.a.2 and 81.a.3 report data on the number of subscribers beginning or ending a subscription to any MVPD Service, Internet Access Service, or Telephony Service on a monthly basis from January 2012 to June 2014 for IP products, and from August 2013 to June 2014 for legacy products.

Data on average revenue per subscriber for each combination of MVPD Service, Internet Access Service, and Telephony Service are provided in Exhibit 81.a.2 from July 2013 to June 2014, and in Exhibit 81.a.3 from January 2012 to June 2014. In the ordinary course of business, AT&T does not maintain this type of data on average revenue per subscriber for periods before July 2013.

In Exhibit 81.a.4, AT&T is providing both ELUs data and subscriber data by technology type, to the extent possible. Data are provided for IPDSL, FTTN with MVPD Service, FTTN without MVPD Service, and FTTP combined (technology code 3, 4, 5, or 6). Data limitations prevent reporting separately by technology code for some subscribers and locations; in such

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182 The data on average revenue per subscriber in Exhibits 81.a.2, 81.a.3, and 81.a.4 are based on billing information rather than booked revenue, and therefore do not reflect certain accounting adjustments that do not appear on customers’ bills, as discussed in AT&T’s response to subparts b-f of Request No. 5.
cases subscribers and locations are classified as “unknown.” Data are provided for both IP and legacy products. Data on the number of subscribers beginning or ending a subscription to any MVPD Service, Internet Access Service, or Telephony Service is provided on a monthly basis from August 2013 to June 2014. All other data in Exhibit 81.a.4 is provided on a monthly basis from July 2013 to June 2014.

“Census Block to Distribution Areas” Table

For its response to the “Census Block to Distribution Areas” table, Exhibit 81.b.1, AT&T is providing a correspondence between DAs and the Census blocks that are contained within each DA. Exhibit 81.b.1 also indicates the number of ELUs in each listed DA and Census block combination.

“Availability and Subscription by delivery technology and distribution area for March 2014” Table

For its response to the “Availability and Subscription by delivery technology and distribution area for March 2014” table, AT&T is providing available responsive data in Exhibits 81.c.1, 81.c.2, and 81.c.3. In Exhibit 81.c.1, AT&T is providing data on customer locations where the Company offers service (ELUs) for March 2014 by technology type, to the extent possible. ELUs are provided for Copper with no xDSL capability (technology code 1), xDSL (technology code 2), IPDSL and FTTN without MVPD Service combined (technology code 3 or 4), and FTTN with MVPD Service and FTTP combined (technology code 5 or 6). Data

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183 Exhibit 81.c.4 contains notes and definitions of terms used in Exhibits 81.c.1, 81.c.2, and 81.c.3.

184 AT&T offers MVPD Service only to ELUs with technology code 5 or 6. Internet Access Service can be provided to ELUs with technology codes 2-6. For a further breakdown of the tiers of Internet Access Service that are available over each technology, see Exhibit 3.b.4. VoIP service can be provided to ELUs with technology codes 3-6. Legacy telephony service can be provided to any ELU.
limitations prevent reporting separately by technology code for some locations; in such cases locations are classified as “unknown.” Exhibit 81.c.1 does not report ELUs separately for residential and other customer locations, [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]

Exhibit 81.c.2 reports subscriber data for March 2014 by technology type, to the extent possible. Data are provided separately for IPDSL (technology code 3), FTTN with and without MVPD Service combined (technology code 4 or 5), and FTTP (technology code 6). Data limitations prevent reporting separately by technology code for some subscribers; in such cases subscribers are classified as “unknown.”

In Exhibit 81.c.3, AT&T is providing both ELUs and subscriber data by technology type, to the extent possible. Data are provided for IPDSL, FTTN with and without MVPD Service, and FTTP combined (technology code 3, 4, 5, or 6). Data limitations prevent reporting separately by technology code for some subscribers and locations; in such cases subscribers and locations are classified as “unknown.”

“Residential Internet Access Service: Historical Data” Table

For its response to the “Residential Internet Access Service: Historical Data” table, in Exhibits 81.d.1, 81.d.2, and 81.d.3, AT&T is providing data on customer locations where the Company offers service (ELUs) and subscribers for each census block within AT&T’s 22-state wireline footprint, by technology type, and by Internet Access Service speed tier available within that census block. ELU data and subscriber data are not available for the requested months in

185 Exhibit 81.d.4 contains notes and definitions of terms used in Exhibits 81.d.1, 81.d.2, and 81.d.3.
AT&T’s currently available automated systems before December 2011, and are provided starting in December 2011. Data are provided for July 2013 in lieu of June 2013 because DSL data is not available in AT&T’s currently available automated systems for June 2013.

In Exhibit 81.d.1, AT&T provides speed tier information by census block for the current period only. September 2014 ELUs by speed tier and maximum speeds are provided alongside June 2014 subscriber counts for the response for June 2014. For earlier periods, Exhibit 81.d.1 reports ELU and subscriber data by technology type. For an explanation of how the upload speed is calculated, refer to AT&T’s response to Request No. 18.

Exhibit 81.d.1 reports ELUs for Internet Access Service for the current period for xDSL (technology code 2), IPDSL (technology code 3), and FTTN with and without MVPD Service and FTTP combined (technology codes 4, 5 or 6). For historical periods, ELUs are reported for xDSL (technology code 2), and for IPDSL, FTTN with and without MVPD service, and FTTP combined (technology codes 3, 4, 5, or 6). Data limitations prevent reporting separately by technology code for some subscribers and locations; in such cases subscribers and locations are classified as “unknown.” AT&T is unable to further distinguish between these technologies in its combined ELU and subscriber data. Exhibit 81.d.1 reports total ELUs, including both residential and other customer locations, [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]

In Exhibit 81.d.2, AT&T provides subscriber data by technology type and census block and gives the download and upload speed taken by each subscriber. For an explanation of how the upload speed is calculated, refer to AT&T’s response to Request No. 18. Exhibit 81.d.2
reports subscribers for Internet Access Service for xDSL (technology code 2), IPDSL (technology code 3), and FTTN with and without MVPD Service and FTTP combined (technology codes 4, 5, or 6). AT&T is unable to further distinguish between these technologies in its subscriber data.

In Exhibit 81.d.3, AT&T provides ELU data by technology type and census block. Exhibit 81.d.3 reports ELUs for Internet Access Service for xDSL (technology code 2), IPDSL and FTTN without MVPD service combined (technology code 3 or 4), and FTTN with MVPD Service and FTTP combined (technology codes 5 or 6). AT&T is unable to further distinguish between these technologies in its ELU data. Data limitations prevent reporting separately by technology code for some locations; in such cases locations are classified as “unknown.” Exhibit 81.d.3 reports total ELUs, including both residential and other customer locations, [BEGIN AT&T CONFIDENTIAL INFORMATION][END AT&T CONFIDENTIAL INFORMATION]

“Plan Data” Table

For its response to the “Plan Data” table, AT&T has provided in Exhibits 81.e.1 and 81.e.2\(^{186}\) the information requested in the instructions and template for the “Plan Data” table as requested, subject to certain limitations as follows: AT&T defines plans for standalone products only. Bundles are accounted for as a promotional discount for customers who purchase a service plan of their choice for two or more different services. Notwithstanding this, AT&T has provided information in Exhibits 81.e.1 and 81.e.2 for all unique combinations of standalone

\(^{186}\) Exhibit 81.e.3 contains notes and definitions of terms used in Exhibits 81.e.1 and 81.e.2. Exhibit 3.a.3 contains descriptions of each MVPD package listed. Exhibit 3.b.4 contains descriptions of each Internet Access tier listed. Exhibit 81.e.4 contains descriptions of each VoIP package listed.
products. Pursuant to discussions with Commission Staff, AT&T has not provided plan or package names for legacy telephony services, but does indicate whether a combination of plans or packages includes legacy telephony service. Further, pursuant to discussions with Commission Staff, AT&T may respond with data at the service level for legacy telephony service. As such, AT&T has not provided information for legacy telephony for the variable “unlimited_voice.”

[BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION] Exhibit 81.e.1 reports the variables requested in the “Plan Data” table including [BEGIN AT&T CONFIDENTIAL INFORMATION] for all U-verse plans and packages, and combinations of U-verse plans and packages. Exhibit 81.e.2 reports the variables requested in the “Plan Data” table except for the data related to [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION] Exhibit 81.e.2 includes both U-verse and legacy plans and packages, as well as combinations of U-verse and legacy plans and packages.

187 [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]
AT&T provides the requested data on a monthly basis from July 2013 to July 2014. Disconnects data are provided on a monthly basis from August 2013 to July 2014 for IP products, and from September 2013 to July 2014 for DSL.

**“Partnership Agreements” Table**

Pursuant to discussions with Commission Staff, AT&T’s response for the “Partnership Agreements” table, Exhibit 81.f.1, will provide data related to partnership agreements for MVPD/wireline Internet Access Services, but need not include telephony or mobile broadband wireless partnerships. AT&T does not maintain ARPU data for synthetic bundle customers in the ordinary course of business, but does maintain some synthetic bundle subscriber information separately depending on the sales channel. For AT&T subscribers that also subscribed to DIRECTV MVPD Service through AT&T, AT&T retains information on the total number of continuing subscribers, new subscribers, and discontinuing subscribers by month. AT&T does not maintain this information by technology type or by technology code in the ordinary course of business. For AT&T Internet Access Service subscribers that subscribed to AT&T service through DIRECTV or DISH, AT&T regularly maintains data in the ordinary course of business only on the number of new subscribers, by month and by technology type for IP products. The only applicable technology codes are 3 (IPDSL), and 4/5 (FTTN with or without MVPD service deployed). In the ordinary course of business, AT&T does not maintain information on the number of continuing subscribers or disconnects for customers who subscribed through the

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188 AT&T has not offered DISH services to AT&T customers since 2009 and does not retain information separately for subscribers to AT&T services that originally also subscribed to a DISH service through AT&T.
bundle partner. Given the limitations of available data to respond to this Request, the statistics for which AT&T is able to provide a response may be incomplete or inaccurate.

Additional information may be found in DIRECTV’s response to Request No. 58 of the Information and Data Request issued to DIRECTV on September 9, 2014.

“Sales of Transit Service” Table

Exhibit 81.g is a CSV file that provides information responsive to this Request. The table provides requested information for each of AT&T’s 25 largest Managed Internet Service (“MIS”) customers as measured by purchased capacity as of August 2014.

- Columns A, B, and C provide the relevant month and the name of each of the 25 MIS customers.
- Column D provides the total capacity of all of the business Internet access service speeds purchased by each MIS customers in megabits per second for each month from January 2009 to June 2014.
- Columns E and G provide the total amount of MIS traffic into and out of AT&T’s network, in gigabytes, from October 2013 to June 2014.

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189 AT&T does not provide a service that it calls “transit.” Rather, AT&T provides “Managed Internet Service” (“MIS”). [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

190 [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

191 The capacity reported in the Exhibit is reported for the month in which it was ordered by the customer (not the month it was provisioned). The capacity may have been installed or disconnected at a later date. The Exhibit omits months prior to the time the customer first ordered capacity from AT&T.

192 [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
Columns H and I provide the 95th percentile utilization in mbps inbound and outbound to AT&T’s network for each month from August 2013 to June 2014.193

Columns J, K, and L provide total, non-recurring, and recurring revenues (on a billed, not payment received, basis) for each month from April 2011 to June 2014.194

Columns M, N, and O identify the current contracts for each MIS customer and the start and end data for each such current contract.195

“Purchase of Transit Service” Table

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
“Sales of Paid Peering” Table

Exhibit 81.h is a CSV file that provides information responsive to this Request for each of AT&T’s 23 peering partners.

- Columns A, B, and C identify the relevant month and the relevant peer.

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196 The details of these arrangements are set forth in AT&T’s contracts with these peers, which are provided in response to Request No. 75.
• Columns D and E identify the total capacity of AT&T’s links with its peers in megabits per second, from January 2009 to June 2014.\textsuperscript{197} Because all links are bi-directional, the capacity in Column D will be the same as the capacity in Column E. [BEGIN AT&T HIGHLY CONFIDENTIAL]

[END AT&T HIGHLY CONFIDENTIAL]

• Columns F and G, respectively, provide the total amount of traffic into and out of AT&T’s network in gigabytes from August 2010 to June 2014.\textsuperscript{198}

• Columns H and I, respectively, provide the 95th percentile utilization in mbps inbound and outbound to AT&T’s network for each month from December 2011 to June 2014.\textsuperscript{199}

• Columns J and K, respectively, provide the amount of money (1) by AT&T to peers and (2) by peers to AT&T for penalties or fees. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]

• Columns L, M, and N identify the relevant contract, as well as the start and end data for each contract. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

\textsuperscript{197} The Exhibit omits months prior to the time links had been established between AT&T and the peer. In some cases, the Exhibit shows capacity for a few months and then shows now capacity for subsequent months. This typically occurs because peers sometimes set up links at an interconnection site and find that they do not use or need it, and then cancel the capacity.

\textsuperscript{198} [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

\textsuperscript{199} [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]
"Internet Traffic Exchange: Paid Peering Nodes” Table

Exhibit 81.i is a CSV file that provides information responsive to this Request for each of AT&T’s 23 peering partners.

- Columns A identifies the relevant month and year.
- Columns B, C, D, E, and F, provide the name and location where AT&T’s interconnection with each settlement-free peer takes place.
- Column G identifies whether AT&T owns the facility. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
- Column H identifies the Autonomous system number for each peer.
- Column I identifies the Internet Protocol version at the IP point of presence where interconnection takes place.
- Columns J and K identify the name of the peer.
- Column L identifies total traffic volume capacity in megabits per second that the peer can send/receive over AT&T’s network at the interconnection location from January 2009 to June 2014.\(^\text{201}\)
- Columns M and N, respectively, provide the total amount of traffic into and out of AT&T’s network in gigabytes from August 2010 to June 2014.\(^\text{202}\)

\(^{200}\) The contracts themselves are provided in AT&T’s response to Request No. 75.

\(^{201}\) The Exhibit omits months where there is no capacity at a location.

\(^{202}\) [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
Columns O and P, respectively, provide the 95th percentile utilization in mbps inbound and outbound to AT&T’s network for each month from August 2010 to June 2014.203

“Site Data” Table

Exhibit 81.j is a CSV file that provides information responsive to this Request with respect to the expected WLL-enabled cell sites. See Request No. 58.

- Column A identifies the latest month for which data are available.
- Column B identifies the unique identifier for each site.
- Column C identifies whether the site is currently planned or non-operational.
- Column D identifies whether the site already exists but requires additional antennas or other equipment.
- Column E identifies the Latitude coordinate of the site.
- Column F identifies the Longitude coordinate of the site.
- Column G identifies the height of the radiating antenna(s) in meters.
- Column H identifies the five-digit FIPS code of the county in which the site is located.
- Column I identifies the site type.
- Column J identifies the site geographic classification (urban, suburban, or rural). The method for determining geographic classification is explained in response to Request No. 58. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]

203 [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]
- Column K identifies the current operator of each site.
- Column L identifies whether the location of the site is owned by the operator.
REDACTED

[Exhibit A is redacted in its entirety as Highly Confidential Information]
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<td>Notes and Definitions for Exhibits 81.c.1, 81.c.2, and 81.c.3</td>
<td>81.c.4</td>
</tr>
<tr>
<td>Residential Internet Access Service: Historical Data Table, ELU and Subscriber Data by Technology Type and Census Block</td>
<td>81.d.1</td>
</tr>
<tr>
<td>Residential Internet Access Service: Historical Data Table, Subscriber Data by Technology Type and Census Block</td>
<td>81.d.2</td>
</tr>
<tr>
<td>Residential Internet Access Service: Historical Data Table, ELU Data by Technology Type and Census Block</td>
<td>81.d.3</td>
</tr>
<tr>
<td>Notes and Definitions for Exhibits 81.d.1, 81.d.2, and 81.d.3</td>
<td>81.d.4</td>
</tr>
<tr>
<td>Plan Data Table, U-verse Plans and Packages</td>
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</tr>
<tr>
<td>Plan Data Table, U-verse and Legacy Products Plans and Packages</td>
<td>81.e.2</td>
</tr>
<tr>
<td>Notes and Definitions for Exhibits 81.e.1 and 81.e.2</td>
<td>81.e.3</td>
</tr>
<tr>
<td>VoIP Plans and Packages Information</td>
<td>81.e.4</td>
</tr>
<tr>
<td>Partnership Agreement Table</td>
<td>81.f.1</td>
</tr>
<tr>
<td>Sales of Transit Service Table</td>
<td>81.g.1</td>
</tr>
<tr>
<td>Settlement-Free Peering Traffic Table</td>
<td>81.h.1</td>
</tr>
<tr>
<td>Internet Traffic Exchange: Paid Peering Node Table</td>
<td>81.i.1</td>
</tr>
<tr>
<td>Site Data Table</td>
<td>81.j.1</td>
</tr>
</tbody>
</table>
EXHIBIT C: DESCRIPTION OF DEDUPLICATION METHODOLOGY

In preparing the documents collected from custodians for production, AT&T has asked its vendor ("Vendor") to deduplicate them both "vertically" within each custodian’s files and “horizontally” across custodians. In performing the deduplication, Vendor has compared the encryption signatures, also known as the hash values, of responsive files. If the hash values for two different items are identical, the content of the two files is deemed to be identical. “Key generation” refers to the process of creating an encryption signature for a file so that files can be easily compared. File hashing and metadata hashing are the two primary methods used to generate keys. Vendor used the MD5 algorithm to determine duplicates.

Electronic Documents: The key value is generated using the entire file as the input, so Vendor used both file hashing and metadata hashing on these files.

Email: Vendor used only metadata hashing on email files. Specifically, Vendor generated the key value for a file by inputting the values of certain metadata after having extracted the metadata fields when importing the file into its database. By using post-processed metadata, Vendor will be able to replicate the key using the metadata that is stored with the file in Vendor’s database whenever Vendor needs to perform further deduplication. Vendor used this method for both email messages contained in mail stores and loose email messages.¹

The fields shown in the following table are used to generate the deduplication key for both stored and loose email messages:

<table>
<thead>
<tr>
<th>Email fields used by deduplication keys</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCC</td>
</tr>
<tr>
<td>Body</td>
</tr>
<tr>
<td>CC</td>
</tr>
<tr>
<td>From</td>
</tr>
<tr>
<td>IntMsgID</td>
</tr>
</tbody>
</table>

¹ Microsoft Outlook stores emails in two different file formats with two different file extensions, .pst and .msg. The file extension .pst is used to identify all emails and their folder structure (including attachments) stored by a particular user. The file extension .msg is used to store individual messages or “loose email” outside of an email mailbox. Other types of loose email files include .eml files and other RFC822-format emails.
Attachments (of all types, including email attachments, attachments to an archive file *(i.e., zip files)*, and loose email message attachments) were not deduplicated separately from their “parent” files. Thus, two documents that are identical, except that one was collected as a stand-alone electronic document and the other was collected as an attachment to an email, both are in the production. On the other hand, two identical documents that are attached to identical copies of an email are not both being produced (nor are their parent emails); only one parent-child set is.