

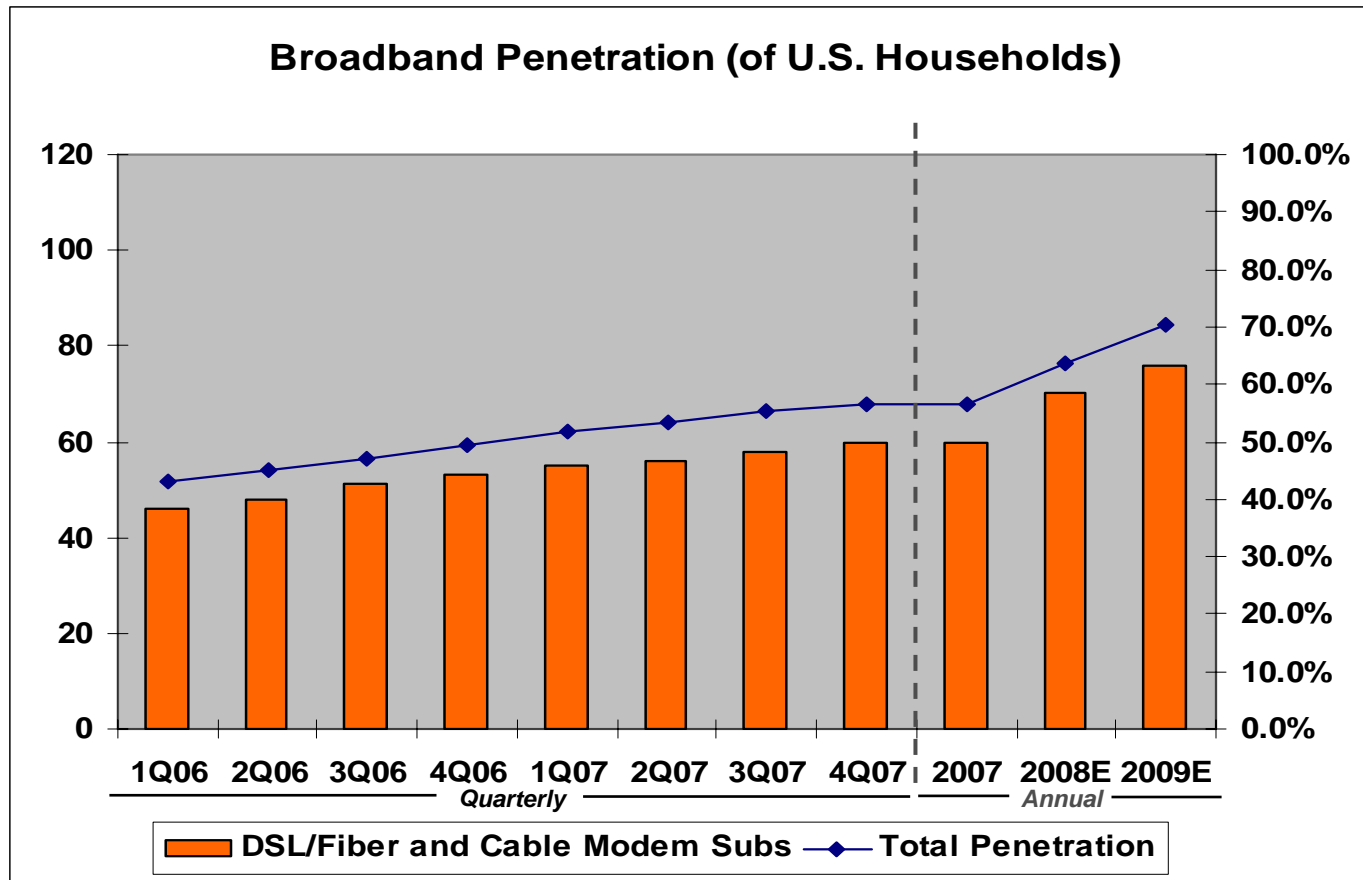
# Policy Recommendations for Incenting Broadband Access and Adoption

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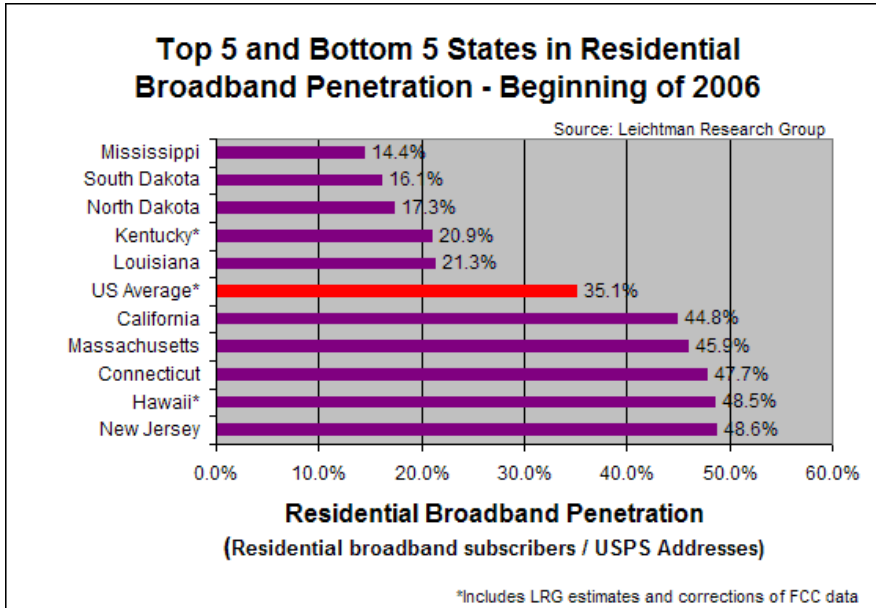
# National Broadband Market Overview

## Broadband penetration has crossed the 50% threshold



Source: Company reports; Bear, Stearns & Co. Inc. estimates.

# New Jersey Broadband Market Overview



- New Jersey had 2.1M residential high speed lines, and 1.3M business high speed lines, for a total of 3.4M - an increase of 28% in 6 months.
- 87% of New Jersey residential customers had access to some type of high speed DSL service. 100% of New Jersey residential customers had access to high speed cable modem service where cable TV service was also available.
- 44% of New Jersey zip codes had 10 or more high speed service providers. The smallest number of high speed providers in New Jersey in any zip code is 4.

**High-Speed Lines by Type of End-User as of December 31, 2006**  
(Over 200 kbps in at least one direction)

State	Residential	Business	Total
<b>New Jersey</b>	2,109,126	1,283,481	3,392,607

Source: 10/2007 FCC Local Competition and Broadband Report

**New Jersey leads the nation on broadband penetration**

# Broadband Market Overview

## Broadband is a powerful economic driver...

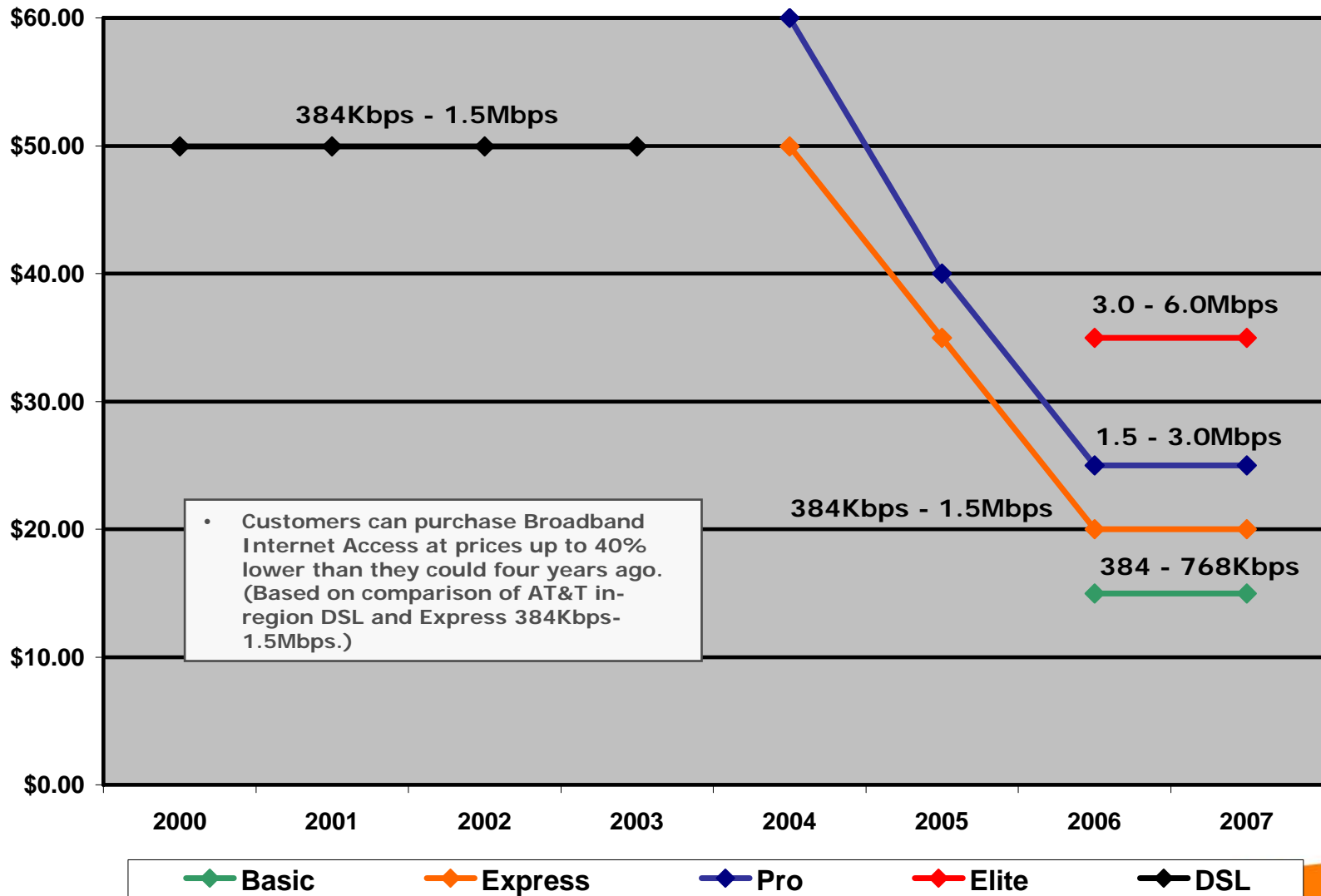
- Increased broadband adoption adds revenue to the economy and brings jobs to local communities.
- A February 2008 report from Connected Nation on "The Economic Impact of Stimulating Broadband Nationally" estimates that the U.S. could realize an economic impact of **\$134 billion** annually and create more than **1.6 million jobs** by accelerating broadband availability and use across all states. **Estimated impact in New Jersey is \$4.6 billion.**

## Broadband market is highly competitive...

- FCC report shows more than 1300 entities providing broadband service in US, more than half using technologies other than DSL or cable. There are **41 different providers of broadband service in New Jersey.**

# Impact on Consumers

Broadband competition has resulted in lower prices and increased speed and quality.



# No Description of Broadband is Complete Without Wireless

The 2007 FCC Broadband Report shows the dramatic increase in wireless high speed lines over the last 2 years.

Wireless Industry	JUNE 2005	DEC 2005	JUNE 2006	DEC 2006
No. of high speed lines (at least 200 Kb/s in one direction)	379,536	3,128,296	11,015,968	21,910,340

Wireless high speed lines accounted for 60% of the new adds in high speed access lines in 2006.

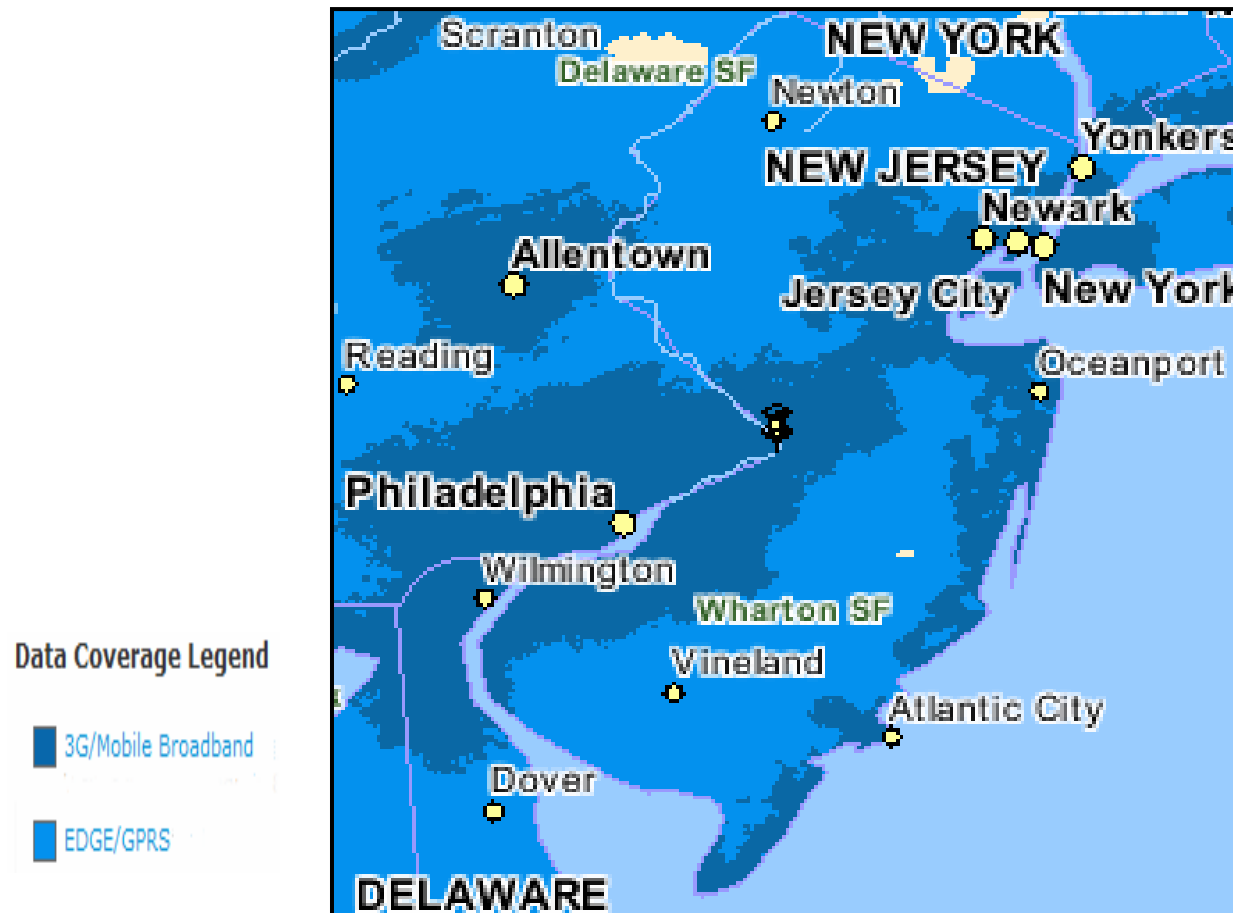
Mobile wireless' share of total broadband lines rose from 1% to 27% of total broadband lines.

# AT&T Wireless Broadband

- AT&T is committed to meeting the increasing demand for wireless high speed connectivity. AT&T has invested **\$18 billion** over the last three years to build and support the scope and capability of its wireless network.
- AT&T's wireless investment enables users to view e-mail, surf the Internet and access business files at high speeds.
- AT&T's 3G and EDGE coverage areas combine to create the nation's most expansive high-speed data network, covering **13,000** cities and towns and **40,000 miles** of highway.

# AT&T Wireless Broadband Investment in New Jersey

- In New Jersey, our 3G network covers 69% of POPs in the state today...and will cover 99% by the end of 2008
- 99.8% of New Jersey is covered by our EDGE network today



# Broadband Policy Recommendations

## Encourage investment in and deployment of next-generation broadband networks

The dynamic growth in internet usage requires tremendous investments in infrastructure

Incentives include tax breaks and grant programs for broadband providers and consumers

Rural Broadband Pilot Program to support deployment of broadband infrastructure in underserved rural areas

Apply consistent policies to competing technologies and services

## Encourage greater adoption of broadband services

Demand side analysis is key to success

Barriers to adoption include lack of a computer, perceived lack of need, price

Understand community broadband needs

Support adoption of applications to address challenges in healthcare, environment, education and public safety

# Broadband Policy Recommendations

## Encourage public/private partnerships to unleash innovative responses to 21<sup>st</sup> century social and technological challenges

### Connected Nation Model:

- National non-profit organization
- Facilitates market-based strategies for broadband expansion and adoption
- Collaborates with all broadband providers to produce statewide household-level mapping of broadband gaps
- Simultaneous supply enhancement and demand creation
  - Community driven technology planning to create demand...
  - Which in turn drives investment to extend supply
- Began with Connect Kentucky
  - From 60% broadband availability to 95% in 3 years
  - From 24% broadband adoption to 44% adoption in 2 years
- Working with other states to implement this model