Connected car
September 30, 2014
Design the road ahead™

• Vision
• Opportunity
• Innovation & roadmap
• Demonstrations
• Q&A
Vision
Transforming the connected vehicle to mobilize your life
Almost **two-thirds** of drivers surveyed after learning about connected car services consider them an important feature in their next car.
Customers' awareness of connected car services is high.

- **70%** Streaming music
- **74%** Roadside assistance
- **72%** Navigation and real-time traffic
- **52%** Usage-based insurance tracking
- **50%** Wi-fi hotspot
- **71%** Remote start
Promising opportunity for new connected cars

US car sales (M)

<table>
<thead>
<tr>
<th>Year</th>
<th>Connected</th>
<th>Non-connected</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>2015</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>2016</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>2017</td>
<td>10</td>
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Source: Strategy Analytics, LMC

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Connected car evolution

Safety, security & convenience

- Network connectivity
- Telematics
- Over the air services
Connected car evolution

- Safety, security & convenience
  - Network connectivity
  - Telematics
  - Over the air services

- Application delivery/infotainment
  - Apps
  - Wi-fi

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Connected car evolution

- Safety, security & convenience
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- Solution leadership
  - Portals
  - Data analytics

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AT&T’s strategy is working.
AT&T’s key differentiating solutions

- A proprietary and Global, single-SIM solution
- Billing solutions including ‘split’ wholesale/retail
- Over-the-Air solutions saving time & money

- AT&T’s 4G LTE network is the most reliable in the nation
- A commitment to relentlessly innovate
- AT&T’s flexible connected car platform
In 2015

AT&T will connect the most new cars in the U.S.
By 2017, AT&T expects to connect over 10 million cars

- Establishing ourselves as the leader in connected cars
- ARPU is strong and growing
  - Wholesale: stable, low single digits
  - Retail: comparable to tablets
- 2015 flow share nearly 50%

Source: AT&T Estimates
Monetization opportunities for AT&T in the connected car

**Connectivity**
- Wholesale
- FOTA
- Retail
- Global SIM

**Service & Application Delivery / Apps**
- Billing Services
- Telematics Services
- App delivery platform
- Applications
- Speech enablement

**Advanced Solutions**
- Customer & dealer portals
- Wifi landing pages
- Data analytics
Innovation and roadmap

Getting to the future first
AT&T’s investments in innovation are paying off
AT&T Drive features and services

New innovative services now & in the future

- Twinning
- Wi-Fi hotspot / Landing Page
- Home / Wearable Integration
- Voice Memo
- Advanced user UI / UX
- Advanced analytics
Beyond the car
Getting to the future first
demonstrations