

Connect America Fund (CAF) – Phase II

MENDOCINO COUNTY, CALIFORNIA

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Review of the FCC's CAF II program

Connect America Fund (CAF) is an FCC program aimed at expanding broadband options in rural areas

- Program makes available over \$9 billion to expand broadband-capable networks throughout rural America
- FCC analyzed every census block in the country to identify whether that census block lacked broadband access at the 10/1 Mbps speeds
- Census blocks that lacked infrastructure were categorized based on the cost to build the requisite infrastructure – areas were either deemed eligible for CAF II subsidies or labeled extremely high cost areas which the FCC will address at a later time.
- Carriers receive funding in exchange for state-level commitment to build a certain number of locations within the carrier's service territory.

AT&T accepted funding in 18 in-franchise states, including California

- \$428M annual funding for a min of 6 years starting in 2016
- AT&T commitment to deploy to 1.1M living units in specified census blocks over 5 year period
- *In California, AT&T will use the CAF II support to offer high-speed Internet access to more than 141,000 homes and small businesses in the FCC-specified census blocks.*

CAF II Broadband Obligations

- Speeds of at least 10 Mbps down/1 Mbps up; usage allowance of 160 GB/month
- Need to be able to provide service within 10 days of order
- Must meet specified deployment milestone dates by state: 40% built by EoY 2017 – 60% 2018 – 80% 2019 – 100% 2020-21
- Rates must be comparable to fixed wireline urban rates for the same level of service in urban areas or at or below the FCC Annual National Rate Benchmark, which is approximately \$88/month¹. (Current pricing from AT&T is noted on the next slide.)
- Must continue to offer voice service, must continue to participate in Lifeline

¹ See https://apps.fcc.gov/edocs_public/attachmatch/DA-17-1093A1.pdf

AT&T's CAF II Deployment

Majority of AT&T's CAF II deployment is through Fixed Wireless Internet

- Fixed Wireless Internet (FWI) is a service that uses a fixed-wireless “last mile” connection between the fiber at a cell tower and the customer premises to provide high-speed Internet access.
- This service supports speeds of at least 10 Mbps download and 1 Mbps upload.
- Customers will also have the ability to bundle DirecTV video services and/or AT&T postpaid wireless services seamlessly with AT&T Fixed Wireless Internet.
- Current pricing is \$50-\$70/month depending on bundling. Lifeline discount available for eligible customers.
- The service will require the installation of a small wireless antenna at the customer premise that will connect to a wireless router in the home.
- Cell coverage expansion – concurrent with the FWI build, AT&T Mobility Coverage will be expanded in many areas.

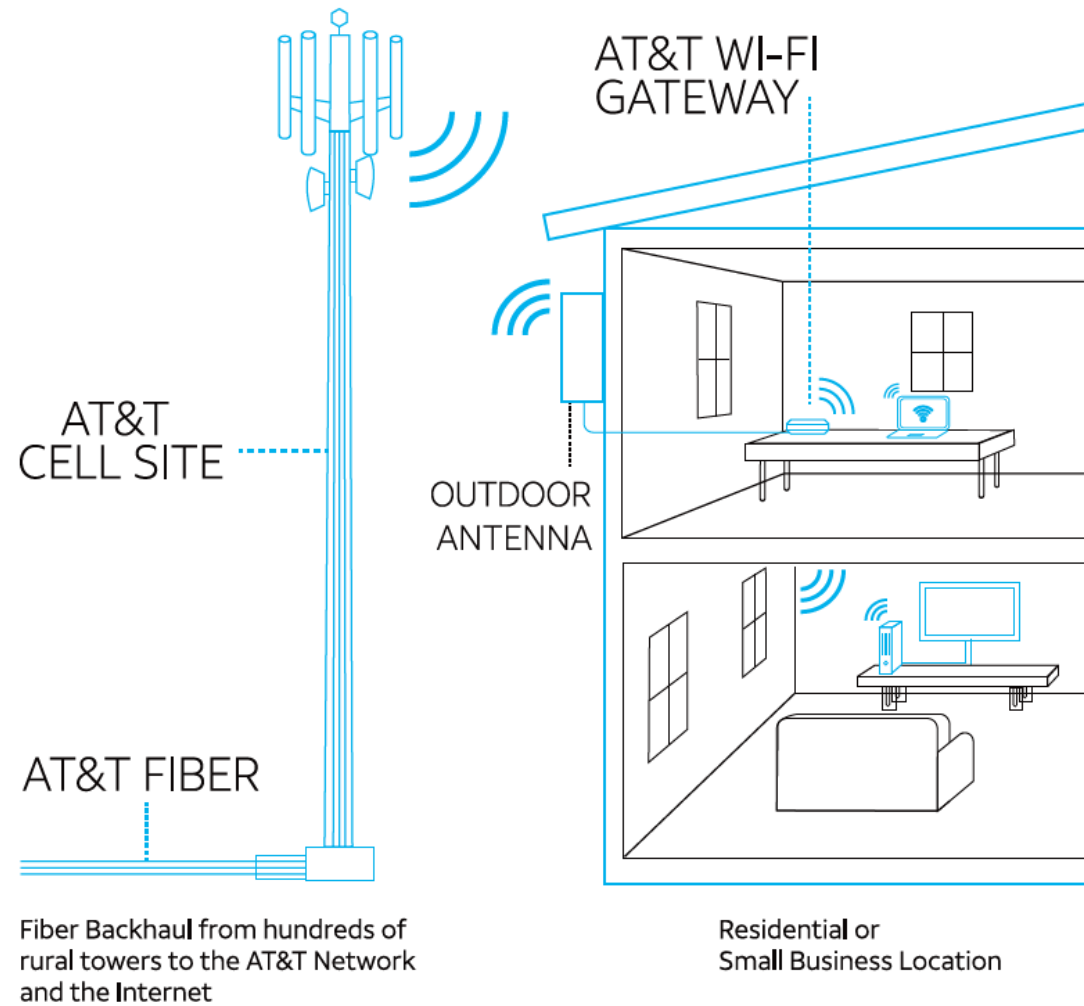
CAF II Internet Speeds

AT&T FWI service will support speeds of at least 10 Mbps download and 1 Mbps upload

FCC Broadband Speed Guide

| Activity | Minimum Download Speed (Mbps) |
|--|-------------------------------|
| General Usage | |
| General Browsing and Email | 1 |
| Streaming Online Radio | Less than 0.5 |
| VoIP Calls | Less than 0.5 |
| File Downloading | 10 |
| Social Media | 1 |
| Watching Video | |
| Streaming Standard Definition Video | 3 - 4 |
| Streaming High Definition (HD) Video | 5 - 8 |
| Video Conferencing | |
| Standard Personal Video Call (e.g., Skype) | 1 |
| HD Personal Video Call (e.g., Skype) | 1.5 |
| HD Video Teleconferencing | 6 |
| Gaming | |
| Game Console Connecting to the Internet | 3 |
| Online Multiplayer | 4 |

AT&T Fixed Wireless InternetSM Overview



While the expectation is most locations will be served via FWI, AT&T may serve required locations via other technologies

AT&T Fixed Wireless Internet Customer Premise Equipment

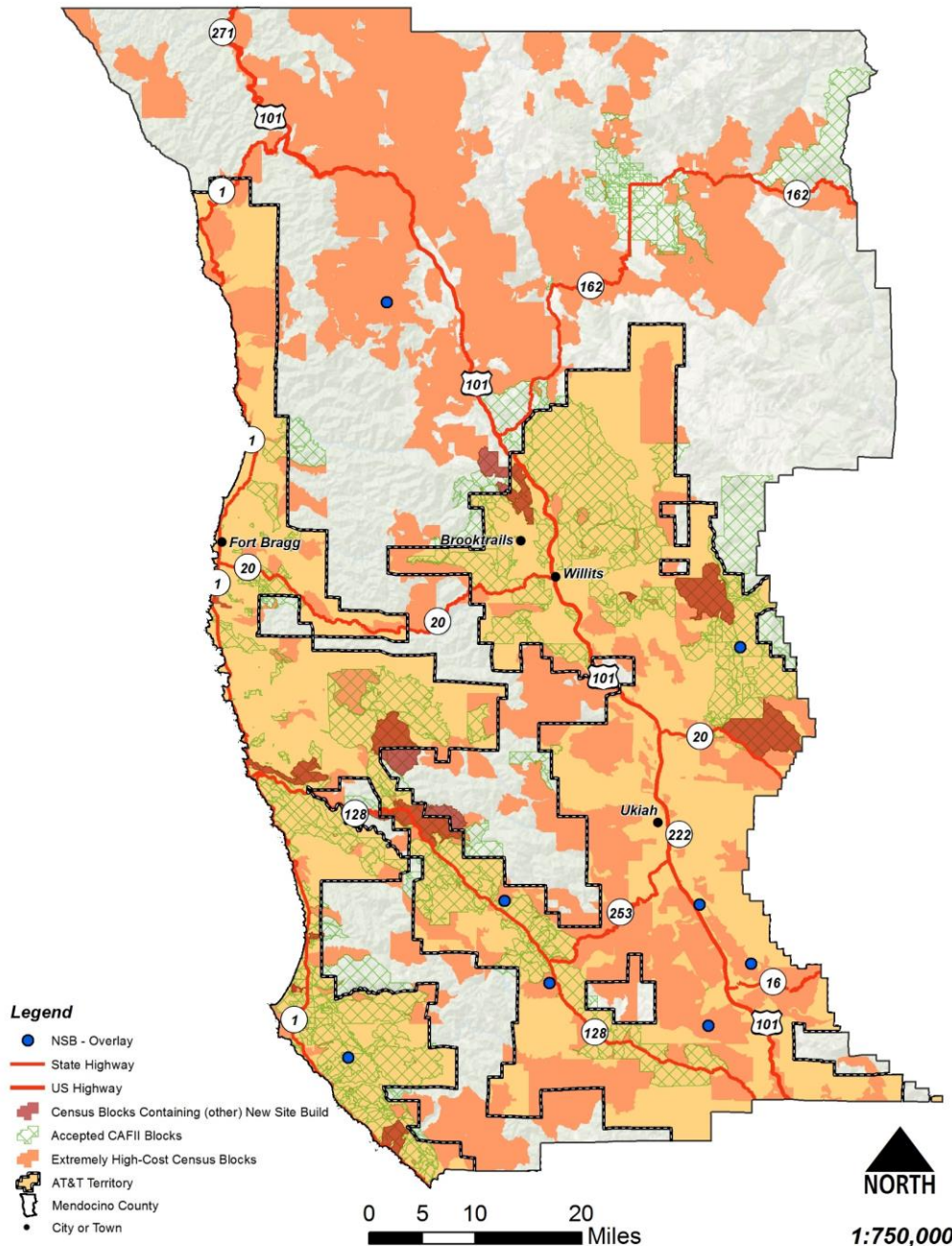


Outdoor wireless antenna



Residential wi-fi gateway

Mendocino County



Fixed Wireless Internet is now available to over 2,200 eligible homes and businesses in parts of Mendocino County

- 7 modified sites now are live
- Major areas reached include CAF-eligible areas of Boonville, Gualala, Philo, Point Arena, Potter Valley, and Ukiah.

AT&T Fixed Wireless Internet: Progress through 2017 and beyond

- Fixed Wireless Internet is now available to over 2,200 eligible homes and businesses in parts of Mendocino County
 - 7 modified sites now are live
 - Major areas reached include CAF-eligible areas of Boonville, Gualala, Philo, Point Arena, Potter Valley, and Ukiah.
- California commitment
 - We are now reaching over 60,000 homes and businesses across California.
- 2018 plans
 - We must reach 60% of our 141,500 living unit commitment in California by the end of 2018
 - We are currently working to expand our reach in Mendocino County with new site builds
 - We appreciate continued assistance from the County to expedite site approvals

