

AT&T Interactive Industry Brief: Enabling a Mobile Ecosystem

Learn how AT&T Interactive connects consumers, advertisers and publishers through local mobile solutions.

Mobile Internet Gains Momentum¹

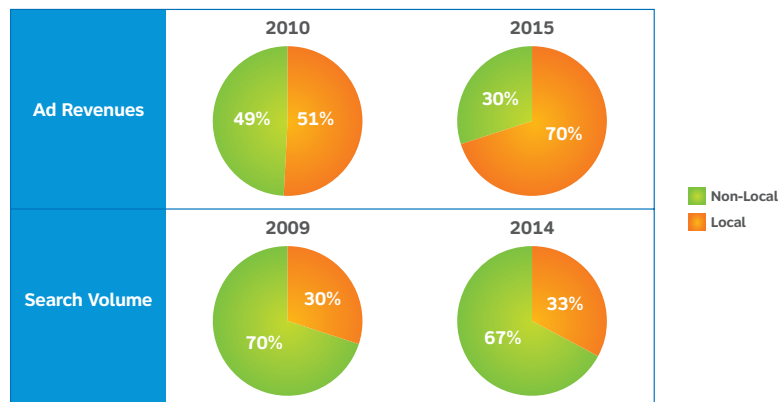
- 254.7 million U.S. mobile phone users in 2015, up from 231.5 million in 2010.
- 135.2 million U.S. mobile Internet users in 2015, up from 77.8 million in 2010.
- 41.5% of the U.S. population will be mobile Internet users in 2015, up from 25.1% in 2010.

2011 And Beyond: Mobile Goes Local

More than 231 million U.S. consumers¹ used their mobile phones in 2010 to connect with the world around them. Whether for shopping, dining, entertainment or a wide variety of other services, the mobile phone is an indispensable tool for today's busy consumers to gather information. At home or on the road, they seek fast, accurate ways to discover and contact local businesses.

To reach their target audiences, local businesses are spending more of their ad dollars on local search properties accessible by mobile devices. Ad spending on mobile local search is projected to climb to \$1.76 billion in 2015 from \$118 million in 2010, a compound annual growth rate of 72%.² According to recent data, the number of people who sought local content on a mobile device grew 33% compared to the prior year. BIA/Kelsey predicts local searches will comprise one-third of all searches on mobile devices – and nearly 70% of mobile search revenue – by 2014 (see Figure 1).

Figure 1: Local Mobile Ad Revenues & Search Volume



Source (Ad Revenues): BIA/Kelsey's Annual U.S. Local Media Forecast, 2010-2015, Published April 2011
 Source (Search Volume): BIA/Kelsey U.S. Mobile Advertising Forecast 2009-2014, Published December 2010
 (2010-2015 forecast not available)

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AT&T Interactive Key Metrics

- The AT&T Interactive Network is ranked number one among mobile directories and ranked among the top 50 mobile web properties across all categories.⁴
- Consumers make over 30 million monthly mobile searches across the AT&T Interactive network.⁵
- As one of the largest wireless carriers in the nation, AT&T enjoys a unique opportunity to engage 98 million subscribers with mobile advertising.⁶

How AT&T Interactive Supports Local Advertisers

The challenge for local businesses is how to make the most of advertising dollars and break through the clutter to reach the right consumer at the right time. AT&T Interactive offers the answer: A single solution that combines the tools and connections to engage tens of millions of consumers across three platforms – online, mobile devices and IPTV.

AT&T Interactive helps companies merge their online and traditional marketing campaigns with mobile advertising on multiple devices across all wireless carriers. Sophisticated search algorithms deliver high-performing mobile advertising capabilities, while ad serving technologies and display advertising products support advertiser branding and direct response campaigns.

According to eMarketer, there were 77 million mobile web users and 60 million smartphones in use in 2010 in the United States.¹ In addition, AT&T Ad Serving Platform technologies enable advertisers to enjoy extended mobile online reach through the [YP] Local Ad Network as well as on YPtv[®], an interactive feature of AT&T's advanced digital IPTV service AT&T U-verse[®] TV.

Mobile Products for Local Advertisers

AT&T Interactive's key products for advertisers include:

- Search Listings – The YP.com site, AT&T Interactive's flagship local business search property, delivers the accuracy of an Internet Yellow Pages combined with the flexibility of a search engine.
- Display Advertising – When used as one component of an integrated mobile and online strategy, display advertising provides businesses the opportunity to build their brands with rich media content.
- Pay Per Call[®] – This performance-based advertising solution helps target spending by ensuring a local business pays only when a consumer calls the business in response to an ad.

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About AT&T Interactive

AT&T Interactive products and services enable consumers to discover, connect and transact with businesses across the devices and platforms consumers use most: online, mobile, and TV. AT&T Interactive's [YP] Local Ad Network offers potential reach of over 80 million monthly unique visitors⁸ across its online search network, and over 15 million unique visitors⁹ across its mobile search network.

For more information about AT&T interactive, its products and mobile solutions, please visit: www.attinteractive.com

- ATT411 – ATT411 allows advertisers to send coupons, offers and information to consumers' mobile phones instantly via SMS. This opportunity for increased engagement helps local advertisers make the transition from print to mobile.

Mobile Products for Publishers

- The [YP] Local Ad Network provides mobile and online publishers access to one of the most comprehensive sources of local ads.

Mobile Products for Consumers

- The YPmobile® suite of products turns the mobile device into a powerful local guide. Consumers can search 18 million plus businesses quickly by typing or browsing popular categories including restaurants, bars, hotels, mechanics, dentists, and even AT&T® Wi-Fi Hotspots.
- YP411 – Consumers simply text their search term and location to YP411 (97411) and will receive up to three results texted back to them. Standard messaging rates may apply.
- YPtv® app on AT&T U-verse® - This mobile app allows consumers to search local spots and program their AT&T U-verse®.

AT&T Ad Sales Force

AT&T, a leading seller of local online advertising, offers display and listing opportunities on a subscription or performance basis. AT&T Interactive works alongside AT&T Advertising Solutions, which includes the largest local advertising sales force in the industry.⁷

As added value to local and national businesses, AT&T Advertising Solutions team members act as media consultants to local business owners. With AT&T Advertising Solution support, advertisers can determine the appropriate mix of traditional, mobile and online marketing solutions to match local marketing objectives.

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¹ eMarketer, Smart and Getting Smarter: Key Mobile Device Trends for Marketers, February 2011

² BIA/Kelsey's U.S. Local Media Forecast, 2010-2015, April 2011

³ comScore, 3 month average ending April 2010 vs April 2011; local mobile content includes maps, movies, business directories, and restaurants.

⁴ comScore, Mobile Metrix, May 2011

⁵ AT&T Interactive Analytics, January 2011. Data have not been subject to third party review and are not subject to audit. Unless otherwise specified, usage numbers are for the applicable industry as a whole and are not specific to AT&T.

⁶ AT&T 2Q 2011 Quarterly Earnings Release

⁷ Gordon Borrell, Borrell Associates, February 2011

⁸ comScore, AT&T Interactive Network (Online Search) –August 2011

⁹ Nielsen, Custom User-Defined Report, July 2011

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