

## AT&T To Invest Additional \$100 Million Globally

By Kirby Chien

**BEIJING, Aug 6 (Reuters)** - AT&T Inc. <T.N> has added \$100 million to the \$750 million already budgeted for 2007 to build up its global communications network, the largest telephone firm in the United States said in an interview on Monday.

"We have come up with another \$100 million," Gopi Gopinath, AT&T president for Asia Pacific, told Reuters in an interview.

"It is predominately in the (Asia Pacific) region," he said.

The increase in investment came after an earthquake severed undersea cables near Taiwan in December -- forcing many carriers to increase spending -- and the company was awarded a licence for long-distance and international services in India at the end of 2006.

The Asia Pacific is the fastest growing global market for AT&T, which anticipates growth of 30-40 percent over each of the next five years. Gopinath said with the growth prospects in the region, AT&T investment would only increase from present levels.

"Intuitively that seems like a reasonable expectation, which is great for me because I can get attention from headquarters whenever I need it," said Gopinath.

Global telecom equipment makers such as Alcatel-Lucent <ALU.N>, Ericsson <ERICb.ST> and Nokia <NOK1V.HE> have been battling to build new generation networks to serve booming markets in Asia.

The company has said the global investment would focus on Asia, the Middle East and Latin America, as well as some developed markets in Europe.

However, Asia still accounts for a small percentage of the \$2.9 billion in net profits the company earned in the second quarter.

The company did not provide a regional breakdown for contributions to profit. AT&T has only about 1,400 employees working for it or wholly-owned subsidiaries in the region, compared to 300,000 globally.

The backbone for AT&T revenue growth in Asia Pacific is providing increasingly sophisticated services to global clients with operations in the region, but the company is also open to mergers and acquisitions to help it expand in the region.

"We are always open to (M&A) opportunities," he said. "But it really depends on regulators."

China restricts foreigners to a 49 percent stake in joint ventures with mainland telecommunications companies.

**AT&T does not operate any research facilities in China and only outsources some services to Indian companies -- a strategy that contrasts with many of the world's leading multinationals such as Microsoft Corp. <MSFT.O> and Intel Inc. <INTC.O>.**

"It may be time to re-think that," Gopinath said.

**China's cheap and abundant supply of well-educated engineers and scientists have made it a favourite place for a wide range of companies to establish research facilities.**

(US\$=7.57 yuan)