



March 31, 2004

Dear Ms. Briesemeister:

Thank you for forwarding the letters that resulted from Consumers Union's recent campaign on wireless service. AT&T Wireless is happy to provide information on the issues you highlighted.

Wireless phones: There are a number of reasons why a wireless phone from one carrier may not work on another carrier's network, including compatibility issues and the desire to keep phones affordable for consumers.

First, wireless carriers use different technologies. For example, most AT&T Wireless customers are served by our TDMA network, and a growing number use our GSM network. Phones designed for use on these networks simply won't work on the networks of our competitors that use other technologies (e.g., Verizon Wireless, Sprint PCS, T-Mobile (for TDMA phones), Nextel, Alltel).

Second, wireless carriers typically sell phones bundled with their service offerings. Like other carriers, we sell these phones at deep discounts in order to reduce the up-front cost of becoming a wireless subscriber. We can only afford to subsidize prices for phones that will be activated on our network; it would not be economical for any carrier to subsidize the purchase of phones that may be used elsewhere. Accordingly, by selling phones that are programmed to work only on our network, we are able to offer significant discounts and enable more consumers to become wireless subscribers.

It is also worth noting that when a phone from one carrier is used with another carrier's service, certain features may not work properly. This can be frustrating for both the customer and the new wireless provider, which may be asked for assistance regarding a phone model that it does not support.

Last, we would stress our view that consumers generally do not want to use the same phone for more than a couple of years. Wireless devices continue to evolve rapidly, and there is strong consumer demand for the latest models, such as camera phones. We believe that consumers who switch carriers welcome the opportunity to receive a new phone at a discounted price.

Coverage maps: AT&T Wireless makes comprehensive coverage maps available to consumers at our stores and on our Web site. Coverage maps can provide a good representation of service availability, however actual coverage depends upon a variety of

factors that are subject to change, including weather, terrain, the particular equipment a customer chooses, and system modifications and upgrades.

We believe that the best way for consumers to determine if a carrier's wireless service will meet their needs is through real-world experience. That is why AT&T Wireless provides a 30-day risk-free trial of our service – double the industry standard. Consumers have one month to try our service in the locations they will use it most and, if our service does not meet their needs, they can return their phone for a refund (paying only for the month's airtime and usage). We are proud to be an industry leader in this area.

Early Termination Charges: AT&T Wireless typically provides lower rates to consumers who agree to purchase service for one or two years. Like other wireless carriers, we may assess a fee for early cancellation of service in these cases. We believe our cancellation policy is simple, straightforward, and fair. In addition, our buyer's remorse period is double that of our competitors.

We understand that some consumers may want a plan that is free from any long-term commitments and termination fees, however. Last year we introduced our GoPhone offer, an innovative pay-as-you-go service that consumers can cancel at any time without a termination fee. We recommend this option for customers who want maximum flexibility.

Thank you for providing us an opportunity to address these topics. In closing, we note that the wireless market is fiercely competitive. We have a strong interest in understanding and meeting the needs of consumers, and we remain firmly committed to this goal.

AT&T Wireless