AT&T's Anti-Consumer Actions in the Online Distribution Channel

September 27, 2011





Background on Simplexity's Business

- Largest independent online provider of wireless activations and handsets, including all the latest smartphones except iPhone
- Operates own Web site, Wirefly.com, and manages the online wireless experience for many national retailers, such as RadioShack, Target, Sam's Club, Kmart, and Sears, and for name-brand handset makers, including Motorola and Nokia
- Earns sales commissions from wireless carriers based on acquiring customers for the carriers and receives development funds from handset makers
- The only other specialty online retailer like Simplexity is LetsTalk.com
- Online activation has been among the fastest growing sales channels for wireless service, just as e-commerce generally is one of the brightest growth areas for the economy





How Simplexity Benefits Consumers

Convenience—

 Offers 24/7 online venues where consumers can shop when and with whom they wish, including with their favorite retailers

Selection—

 Provides one-stop shopping for consumers to check out and compare all wireless handsets (other than the iPhone), all rate plans of the major carriers, and all other features and service offerings of the major carriers

Pricing—

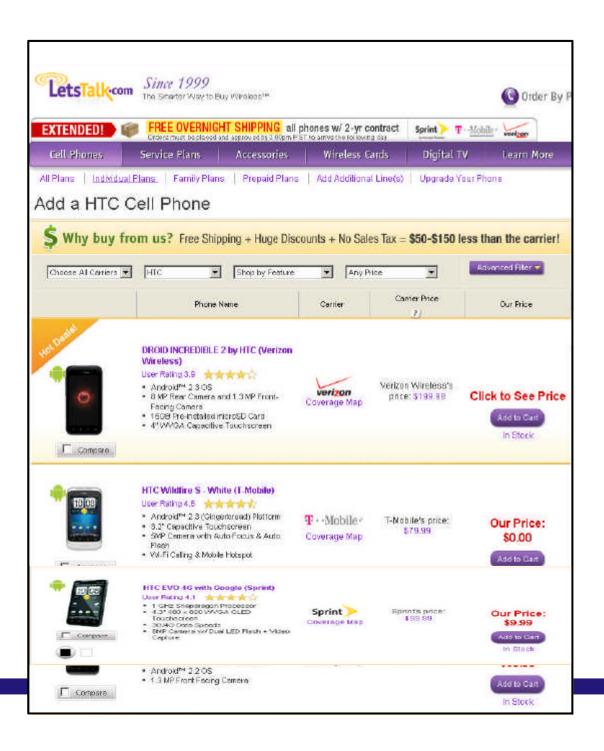
 Able to reduce costs of doing business through technological efficiencies, low overhead, and no bricks-and-mortar expense, thus providing value to retailer partners and lower pricing of handsets for consumers



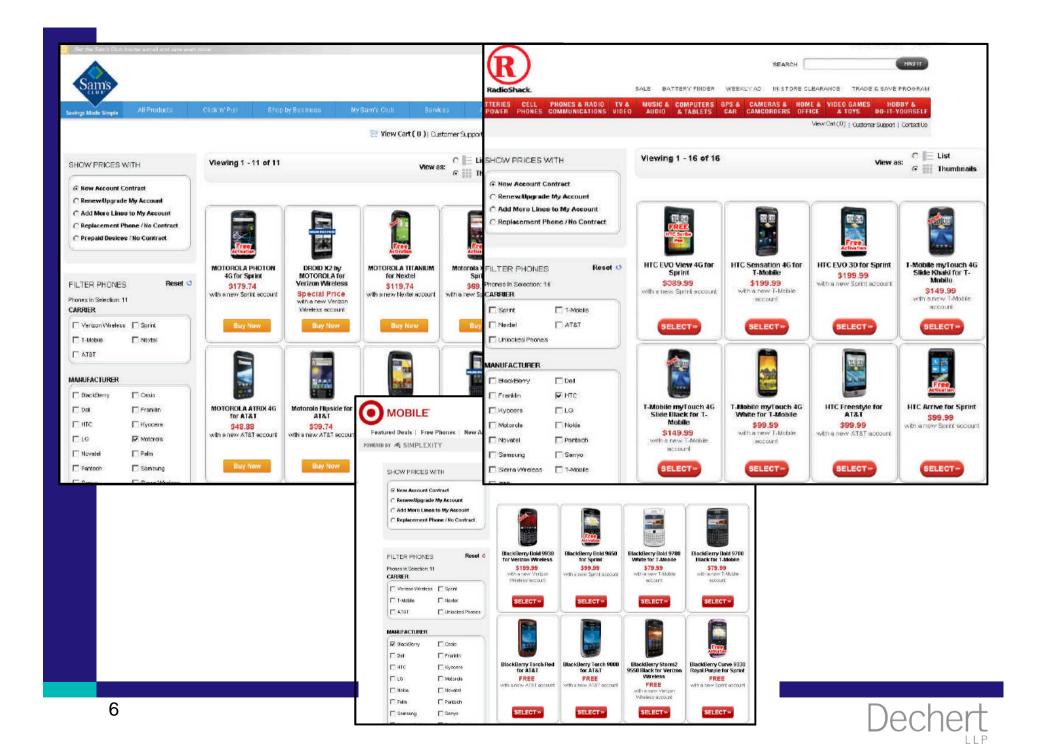


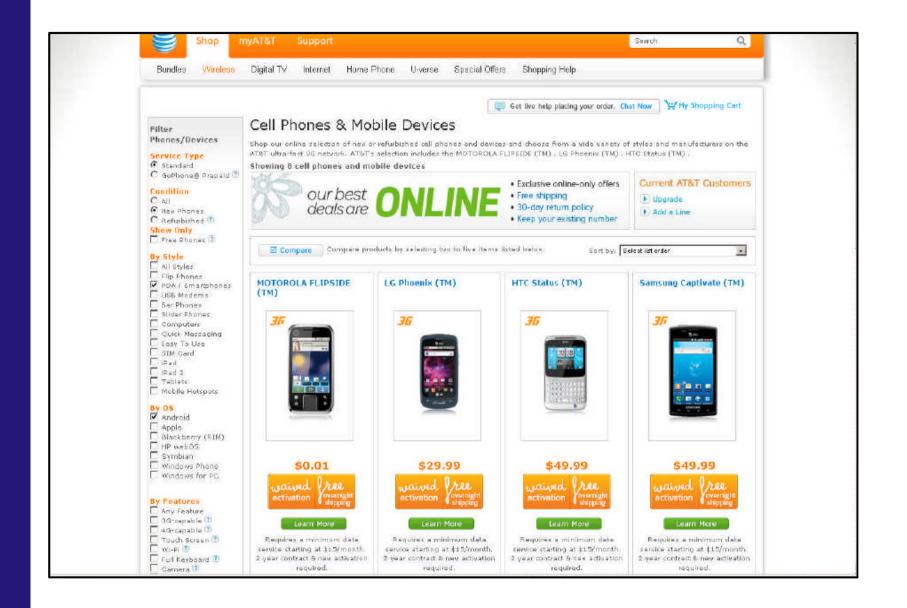












Examples of Simplexity's Pricing Benefits

Product Name	Carrier	Wirefly.com Price*	Carrier Price*
Motorola Bravo	AT&T	\$0.00	\$19.45
Samsung Captivate	AT&T	\$99.99	\$136.10
Samsung Intercept Satin Pink	Sprint	\$0.00	\$68.74
HTC Arrive	Sprint	\$99.99	\$199.99
T-Mobile myTouch 3G Black	T-Mobile	\$0.00	\$49.99
HTC HD7	T-Mobile	\$14.99	\$99.99
DROID INCREDIBLE by HTC	Verizon	\$0.00	\$99.99
Motorola DROID 2 Global	Verizon	\$36.66	\$133.33

^{*} Price as of March 2011





Simplexity Has Enabled National Competition Among the Major Wireless Carriers

- Has provided growing independent online sales channel for head-to-head national competition among the four major carriers
- Until this year, the four major carriers vied with each other for priority placement and feature presentation on Simplexity sites through contract negotiations with Simplexity and its retailer clients
- Head-to-head comparison shopping on Simplexity sites promotes price competition among the major carriers
- The geographic market for competition in online sales among the major carriers is national in scope





AT&T Has Acted to Suppress the Independent Online Marketing Channel

- AT&T terminated its relationships with Simplexity and LetsTalk and has demonstrated an intent to reduce and potentially eliminate independent online sales of its wireless service
 - AT&T was unwilling to negotiate a new contract with Simplexity, even on more advantageous terms
- As one reason, AT&T claimed that independent online retailers were "disruptive to the market" because they altered consumers' expectations of pricing
- AT&T's action has harmed consumers, competition, and Simplexity in several ways
- The acquisition of T-Mobile threatens to exacerbate these harms



