

EXHIBIT A

DECLARATION OF MICHAEL L. KATZ

MEASURING EFFECTIVE CMRS COMPETITION

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CONTENTS

I.	INTRODUCTION AND OVERVIEW	1
II.	COMPETITION.....	7
A.	COMPETITION IS A MULTI-DIMENSIONAL CONCEPT THAT OCCURS ALONG A CONTINUUM.....	7
B.	THERE IS A CRITICAL DISTINCTION BETWEEN HARM TO COMPETITION AND HARM TO COMPETITORS	10
III.	A SOUND ANALYSIS OF COMPETITION MUST LOOK BEYOND THE APPLICATION OF NUMERICAL CONCENTRATION THRESHOLDS.....	11
A.	SHORTCOMINGS OF CONCENTRATION INDICES AS MEASURES OF COMPETITION	11
B.	A COMPLETE ASSESSMENT OF MARKET STRUCTURE MUST LOOK BEYOND CONCENTRATION MEASURES	18
IV.	THE COMMISSION’S PROPOSED FINANCIAL INDICIA ARE FLAWED MEASURES OF CMRS COMPETITION.....	20
V.	SEVERAL COMMENTERS MISCONSTRUE THE COMPETITIVE IMPLICATIONS OF MARKET CONDUCT	26
A.	EXCLUSIVE DISTRIBUTION ARRANGEMENTS	26
B.	LIMITATIONS ON SERVICES OR FEATURES	29
C.	PRICING	31
D.	EARLY TERMINATION FEES	34

VI.	EFFECTIVE COMPETITION DOES NOT REQUIRE PERFECT COMPETITION.....	34
VII.	THE COMMISSION SHOULD REJECT REQUESTS THAT IT HARM COMPETITION AND PROTECT SPECIFIC COMPETITORS	37
A.	EXTENSION OF ROAMING OBLIGATIONS	38
B.	EXCLUSIVE HANDSET DISTRIBUTION ARRANGEMENTS	41
C.	A SPECTRUM CAP AND OTHER RESTRICTIONS ON COMPETITION FOR LICENSE RIGHTS.....	41
D.	SPECIAL ACCESS	44
VIII.	CONCLUSION.....	45
	APPENDIX: QUALIFICATIONS.....	48

I. INTRODUCTION AND OVERVIEW

1. As part of the process of drafting its *Fourteenth Annual Report and Analysis of Competitive Market Conditions with Respect to Commercial Mobile Services*, the Federal Communications Commission (Commission) recently solicited data and information that would enable the Commission to evaluate the state of competition among the providers of Commercial Mobile Radio Services (CMRS).¹ As it has in its past annual notices, the Commission requested data on a broad range of economic indicators grouped into four categories that recent CMRS Competition Reports have utilized as measures of competitive conditions: (1) market structure; (2) provider conduct; (3) consumer behavior; and (4) market performance.² As part of its solicitation, the Commission also sought comment on several conceptual issues related to the assessment of CMRS competition. These issues include the definition of “effective competition” and the question of “which indicators are useful for analyzing competitive market conditions with respect to CMRS.”³ The Commission specifically invited comment on the usefulness of measures of market concentration and carrier profits as indicators of the state of competition.⁴

¹ Federal Communications Commission, “Wireless Telecommunications Bureau Seeks Comment on Commercial Mobile Radio Services Market Competition,” WT Docket No. 09-66, Public Notice, rel. May 14, 2009 (hereinafter, *Public Notice*).

² *Public Notice* at 2. See also, Thirteenth Report, *In the Matter of Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993 Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services*, DA 09-54, Rel. January 16, 2009 (hereinafter *Thirteenth CMRS Competition Report*), ¶ 5.

³ *Public Notice* at 2.

⁴ *Public Notice* at 3-4, and § IV.C.

2. The Commission received a wide range of responses to its request for comments regarding the use of various indicators to determine whether there is effective competition in the provision of CMRS. I have been asked by counsel for AT&T Inc. to assess these comments from the perspective of economics.⁵ Because many of these comments do not rest on sound economic foundations, the analysis below includes a discussion of the fundamental economic principles that are relevant to the issues at hand. These principles provide a coherent framework in which to address both the initial comments and the approach that the Commission should take in measuring the degree of competition among CMRS providers.

3. I conclude that the Commission should employ an economically sophisticated approach to assessing the state of CMRS competition. The Commission should resist any temptation to search for, let alone adopt, a simplistic rule or formula (*e.g.*, a critical concentration level) to gauge competitive performance in the CMRS marketplace; such a mechanical exercise very likely would be misleading. Instead, the Commission should apply sound economic reasoning in a way that is analytically rigorous, tailored to the inquiry at hand, and cognizant of marketplace realities.

4. Briefly, an economically sound approach to measuring competition must reflect the following facts:

- *Competition takes place along multiple dimensions, and the degree of competition in any given dimension varies along a continuum.* As a general matter, suppliers rarely compete along one dimension. Instead, competition is typically multidimensional (*e.g.*, taking place in terms of both price and product quality). CMRS providers exemplify this fact. Service providers compete in terms of price levels, price structures, customer service, and the signal quality, coverage, speed,

⁵ In the interest of conserving space, I focus on particularly important or broad issues and do not address every point raised in the comments.

and reliability of their networks. They also compete along other dimensions, including the handsets, operating systems, applications, and features that they offer and promote. Moreover, wireless operators typically compete by offering a range of different products and services.

- *Competition is not a discrete, black-or-white concept.* There is no meaningful bright line between those markets that are effectively competitive and those that are not. Instead, the degree of competition lies along a continuum running from perfect competition to monopoly. Almost all markets, including those for CMRS, lie in between—rather than at—the two poles.
- *There is a critical distinction between harm to competition and harm to competitors.* It is often the case that, when a supplier takes actions that benefit consumers, the result will be to reduce the profitability of rivals suppliers, which now face a stronger competitive threat. It is widely recognized that the proper concern of competition policy is with harm to competition, not harm to the economic welfare of specific competitors.

5. These facts regarding competition have several very important implications for the measurement and assessment of CMRS competition:

- *The Commission should avoid attempting to measure competition as if it were a uni-dimensional concept.* Given the multi-dimensional nature of competition, uni-dimensional measures of market conduct are likely to provide an incomplete and potentially misleading view of CMRS competition. Similarly, in evaluating the consumer-welfare effects of various practices, the Commission must consider the full range of effects. For example, as discussed below, exclusive arrangements between wireless service providers and handset manufacturers play an important role in promoting handset innovation and competition.
- *The Commission should reject mechanical reliance on arbitrary concentration thresholds.* The degree of competition runs along a continuum. Hence, even if concentration indexes perfectly measured competition, there would not be a sound basis for adopting a bright-line threshold. Moreover, the linkage between concentration measures and competition is complex and far from perfect. Consequently, there is no “magic” degree of concentration that separates competitive from uncompetitive markets. Although some commenters take the position that there exists a critical level of concentration, there is no economic basis for concluding that there is a discrete break in provider behavior at any particular concentration level. As explained below, commenters favoring the use of this bright line have a mistaken understanding of its limited role in merger analysis merely as a trigger for further inquiry. A variety of factors other than concentration are relevant to any rigorous analysis of competition, including the ease with which consumers can switch among providers and the underlying drivers of market shares.

- *The Commission should avoid reaching the false conclusion that an increase in concentration is indicative of market failure or a breakdown of competition.* Several commenters have asserted that concentration in CMRS markets is increasing and that this increase indicates some sort of market failure. However, a proper economic analysis recognizes that implications of any increase in concentration can properly be understood only by analyzing the underlying drivers of that increase. For example, the implications for competition are very different when a market is concentrated because one service provider has developed an innovative offering that is extremely attractive to consumers than when the market is concentrated because the government artificially restricted the entry of some service providers. In the first instance, the increase in concentration is actually the consequence of vigorous competition. This example is not unique; as discussed below, there are other situations in which an increase in the degree of competition leads to increased concentration.
- *The profit metrics proposed in the Public Notice are poor indicators of the degree of competition in the provision of CMRS.* This conclusion follows from several facts:
 - *It is well-recognized among economists that accounting measures of profitability are ill-suited for gauging competitive intensity.* There are several well-known ways in which accounting profits diverge from economic profits. This divergence is a serious issue because economic profits are the measure relevant to the assessment of market performance.
 - *The calculation of profits for a particular service is particularly difficult when that service is offered by a multiproduct provider.* Assessing the profitability of a single product of a multi-product firm can require reverse engineering various overhead measures and other cost allocations that have been made within the firm. Such reverse engineering is potentially subject to significant error and the required regulatory cost allocations may be inherently arbitrary.
 - *The calculation of economic profits must take into account the risk-adjusted rate of return.* A competitive rate of return for an investment accounts for the riskiness of that investment, with riskier projects corresponding to higher competitive rates of return. Hence, what appear to be high profits may merely be the competitive reward for past risk-taking.
 - *Even if it were possible to estimate economic profits accurately, the existence of positive economic profits does not indicate that competition is ineffective or that regulatory intervention is warranted.* It is necessary to account for both the stochastic nature of competitive outcomes and the costs and limitation of governmental intervention. With respect to the stochastic nature of outcomes, high *ex post* levels of profit are consistent with low *ex ante* or expected levels of profit, which are what drive investment decisions.

- *It is also well-recognized that the Lerner Index is of substantially limited utility as a competition metric in network industries characterized by significant ongoing investment and high fixed costs. Marginal cost pricing is not a realistic benchmark in an industry that requires ongoing investment and has significant economies of scale and/or density—a supplier pricing at marginal cost would be unable to cover its overall costs and, consequently, would not be financially viable. In the presence of sunk investments and economies of scale and density, “high” margins are consistent with competitive behavior.*
- *In several instances, commenters assert that certain elements of CMRS provider conduct are indicative of ineffective competition when, in fact, this conduct is fully consistent with effective competition:*
 - Some commenters contend that the existence of exclusive distribution arrangements between carriers and handset makers demonstrates the absence of effective competition and the existence of market power. However, as I have explained elsewhere, such arrangements support investment and innovation, and are an important form of competition in the wireless industry.⁶ These commenters apparently are making the mistake of equating harm to specific competitors’ commercial interests with harm to competition. The proper focus of pro-consumer public policy is on harm to competition.
 - Similarly, commenters who contend that early termination fees are both a cause and consequence of market power ignore: (a) the fact that early termination fees support handset subsidies that many consumers find highly desirable, (b) economic scholarship showing that early termination fees can intensify competition to attract new customers.
 - One commenter incorrectly asserts that carriers engage in parallel pricing and that such pricing is indicative of collusion. This claim lacks either an empirical or theoretical basis. First, empirical data indicate that carriers do not engage in parallel pricing. This is so for two reasons. One, the prices themselves are not equal and do not move in lock step. Second, wireless operators offer multi-dimensional services that vary across carriers. Hence, even if nominal prices were the same across carriers, the quality-adjusted prices would not be. Turning to economic theory, it has long been recognized that, in equilibrium, perfectly competitive firms will all charge the same price as one another. Hence, it is simply false to assert that evidence of parallel

⁶ Michael L. Katz, “An Economic Analysis of the Rural Cellular Association’s Petition for Rulemaking Regarding Exclusivity Arrangements between Commercial Wireless Carriers and Handset Manufacturers,” February 2, 2009, attached as an exhibit to Comments of AT&T Inc., *In the Matter of Petition for Rulemaking Regarding Exclusivity Arrangements Between Commercial Wireless Carriers and Handset Manufacturers*, RM-11497, February 2, 2009.

pricing (if it existed) would establish that service providers were engaged in a collective exercise of market power.

- Some commenters point to individual carrier decisions to limit the use of or in other ways not support particular wireless applications as evidence of a lack of competition. However, these commenters offer incomplete and, thus, misleading characterizations of the situations.
- Lastly, two commenters assert that the pricing of special access distorts CMRS competition. These commenters fail to recognize the concept of opportunity cost, which tends to level the playing field between wireless providers that are and are not integrated into the provision of special access services. Moreover, these commenters confuse statements about the level of an input price with statements about the degree of competition in the output market.
- *“Effective competition” is not equivalent to “perfect competition,” and it would not promote consumer welfare for the Commission to regulate a market simply because it was not perfectly competitive.* Although markets are rarely perfectly competitive, they often are sufficiently competitive to render unnecessary extensive government intervention. Moreover, even in imperfectly competitive markets, governmental intervention may engender more consumer harm than consumer benefit. This is so because regulation imposes administrative costs on public and private entities and inevitably has unintended adverse consequences.
- *The best approach for assessing whether there is effective competition in the provision of CMRS is to continue examining a wide range of factors and to recognize that regulation is not warranted unless there is substantial evidence of significant market failure.* The Commission’s historical consideration of market performance and conduct indicators has provided useful insights into whether competition among service providers is succeeding in advancing consumer welfare through the expansion of service offerings, the development and promotion of innovative technologies, and the lowering of prices. For the better part of the past decade, those indicators have been consistent with an effectively competitive wireless industry. In its most recent study of CMRS competition, the Commission reported that 94 percent of all United States consumers had access to four or more wireless competitors. Output, prices, data speeds, broadband coverage, quality, and investment all continue to exhibit positive trends. And innovation is occurring at a significant pace as providers compete to offer new wireless features, functionalities, devices and applications.

6. The remainder of this report explains these conclusions in greater depth and provides details of the facts and analysis supporting them.

II. COMPETITION

7. Congress has established CMRS competition as a fundamental public policy goal.⁷ Numerous public policies, including antitrust enforcement and the Telecommunications Act of 1996, promote competition for the benefits it delivers to consumers.⁸ These benefits typically arrive in the form of lower prices, greater innovation and variety, and/or improved product and service quality. The Commission’s policies are intended to serve and advance the public interest, which is a broader concept than are competition and efficiency. However, promoting efficiency through competition is widely recognized as the most effective means in most markets to promote overall consumer welfare. In the presence of vigorous competition, the practical role for government to improve efficiency and the economic welfare of consumers is quite limited except in certain well-defined circumstances.

A. COMPETITION IS A MULTI-DIMENSIONAL CONCEPT THAT OCCURS ALONG A CONTINUUM

8. In economics, competition generally refers to rivalry among participants on one side of a market to attract partners from the other side for some form of economic exchange. Economists also study whether a market is “competitive,” which broadly construed connotes a significant degree of rivalry on both the supply side and the demand side of the market.

⁷ The Omnibus Budget Reconciliation Act of 1993, Pub. L. No. 103-66, Title VI, § 6002(b), amending the Communications Act of 1934 and codified at 47 U.S.C. § 332(c). Under this statute, the Commission is charged with analyzing, on an annual basis, market conditions in CMRS and reporting (among other things) whether there is “effective competition” in CMRS.

⁸ Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996). The 1996 Act amends the Communications Act of 1934, 47 U.S.C. §§ 151 *et. seq.*

9. There exists a set of conditions that gives rise to a formal model that economists call “perfect competition.” Among other things, these conditions include sufficiently many buyers and sellers so that no individual consumer or supplier can affect price, and the easy entry and exit of suppliers. In perfectly competitive markets where these conditions are satisfied, economic welfare (as measured by total surplus) is maximized.

9. The textbook model of monopoly lies at the other end of the competition continuum. Under monopoly, there is a single supplier, which faces no competition and which can affect market price through its choice of output level. In the textbook model of monopoly, economic welfare is not maximized.⁹

10. It is widely understood that most real-world markets do not satisfy the conditions of the formal models of either perfect competition or monopoly. Instead, the degree of competition runs along a continuum with perfect competition at one end, monopoly at the other, and most real-world markets somewhere in between.¹⁰ Suppliers in these imperfectly competitive markets have the ability to affect prices through their actions but also face competition. Moreover, the degree of competition depends on many factors; the number of suppliers is only one of them.

11. The nature of the technological relationship between output and costs is one of the primary reasons that real-world markets do not attain the atomistic structure of the theoretical

⁹ Monopoly may nonetheless be the most efficient practical way to organize some markets, such as those characterized by very significant economies of scale.

¹⁰ Although the linear metaphor is useful, it is important to recognize that intermediate market conditions can give rise to market conduct that is not exhibited by either monopoly or perfect competition.

model of perfect competition. Specifically, producers in real-world markets—including CMRS providers—often utilize production, distribution, or other technologies characterized by economies of scale, density, and scope. In the presence of economies of scale and density, it is economically inefficient and unlikely to be commercially viable to have a large number of suppliers, each operating at a small scale or low density. In such markets, it is a mistake to seek or expect to have a large number of suppliers and/or to have suppliers set prices equal to marginal costs (as would perfect competitors). Similarly, in the presence of economies of scope, there are typically common costs that need to be recovered through the pricing of the full set of products, and the price-cost margin earned on a single product indicates little about the supplier's overall degree of cost recovery.

12. It is also important to recognize that the manner in which firms compete is typically much more complex than in the textbook model. Competition is rarely a uni-dimensional concept. Instead, competition is typically multidimensional. CMRS markets provide vivid illustrations of this point. Service providers compete in terms of the levels and structures of their prices, their customer service, and the signal quality, coverage, speed, and reliability of their networks. Wireless service providers also compete along other dimensions including the handsets, operating systems, applications, and features that they offer and promote.

13. Uni-dimensional measures of market conduct are thus likely to provide an incomplete and misleading view of CMRS competition. In the most extreme cases, some commenters focus on the price of a single service offering to the exclusion of substitute service offerings available from the *same* carriers and without regard to the need to cover fixed and common

costs that are spread across multiple services.¹¹ Similarly, in evaluating the consumer-welfare effects of various practices, the Commission must consider the full range of effects. For example, as discussed below, exclusive arrangements between wireless service providers and handset manufacturers play an important role in promoting handset innovation and competition.

B. THERE IS A CRITICAL DISTINCTION BETWEEN HARM TO COMPETITION AND HARM TO COMPETITORS

14. In examining whether there is possible harm to competition, it is vital to recognize a fundamental distinction. As noted above, antitrust enforcement and modern telecommunications regulation are designed to protect competition because of the benefits that competition brings to consumers. It is important to recognize that there is a critical difference between protecting the competitive process and protecting individual competitors from the rigors of the marketplace. Or, as is commonly stated, the concern of competition policy is with harm to competition, not harm to competitors.

15. The following hypothetical example makes clear why this distinction is so important. When a supplier invests in innovative, proprietary network features that are extremely attractive to consumers, the introduction of those features harms competitors. But the innovation benefits consumers and is, indeed, a benefit of the competitive process in action. A pro-consumer public policy would properly favor innovation and seek to protect competition. In contrast, a pro-competitor public policy might block the introduction of innovative network features. Alternatively, a pro-competitor policy might require that any

¹¹ *CFA Comments* at 10.

such innovation be shared with rivals, thus greatly weakening or even destroying innovation incentives. In either case, a policy that sought to protect competitors would harm competition and consumer welfare.

III. A SOUND ANALYSIS OF COMPETITION MUST LOOK BEYOND THE APPLICATION OF NUMERICAL CONCENTRATION THRESHOLDS

16. Although widely used in the analysis of competition, measures of concentration suffer from several drawbacks that limit their usefulness or invalidate them as stand-alone indicators of competition. Because of these drawbacks, a full analysis of competition requires the examination of a range of structural and non-structural market characteristics, rather than a mechanical focus on a specific concentration threshold.

A. SHORTCOMINGS OF CONCENTRATION INDICES AS MEASURES OF COMPETITION

17. There are several problems that can arise from an excessive reliance on concentration calculations. First, such measures are necessarily based on the definition of the underlying relevant market, and problems in properly defining markets therefore impact the usefulness of the resulting concentration measures. Because market definition in both the product and geographic dimensions depends on judgments about the degree to which certain products are substitutable for other products, market boundaries often cannot be drawn with absolute precision.¹² Because measures of concentration may be based on flawed market boundaries,

¹² The problem is not just that it is difficult to know which products have sufficient substitutability to be in the market but also that the market definition exercise creates sharp demarcations between products inside and outside of the relevant market. Measures of concentration are based only on products inside the market and discard products outside the market; in other words, such measures set to zero the competitive impact of products outside the market. It is erroneous to conclude, however, that all products outside of the relevant market boundaries fail to exert any price discipline on the products inside of the relevant

those measures should be treated with caution. Although they may be easy to calculate (once a market is chosen), ease of calculation alone does not make them valuable or accurate.

18. Second, there is no single measure of concentration that is relevant in all situations, *i.e.*, there is no single measure that accurately relates to the degree of competition in all markets. For example, there are multiple metrics upon which to base concentration calculations (*e.g.*, traffic volume, capacity, or subscribers), and different measures may lead to different conclusions if one adopts a bright-line test based on concentration. There are also significant questions concerning the use of concentration measures based on customer flows (*e.g.*, the percentage of new or shifting customers that a CMRS provider attracts in a given

market boundaries. See, *e.g.*, Statement of the Federal Trade Commission concerning Royal Caribbean Cruises, Ltd./P&O Princess Cruises plc and Carnival Corporation/P&O Princess Cruises plc, FTC File No. 021 0041 (limiting the relevant product market to “cruising” despite evidence that cruise ship operators view land-based vacation options as serious competitive threats, but including the constraining influence of land-based vacations in the overarching assessment of the likely competitive effects of the merger).

For a discussion of conditions under which the product market definition exercise is inherently arbitrary and thus might generate misleading conclusions regarding the state of competition, see Joseph Farrell and Carl Shapiro, “Antitrust Evaluation of Horizontal Mergers: An Economic Alternative to Market Definition,” November 25, 2008, at 5 and 6 (*available at* http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1313782); Dennis W. Carlton, “Market Definition: Use and Abuse,” *Competition Policy International*, Spring 2007, at 3-4.

Similar issues arise with respect to geographic market definition. Specifically, even if one defines local markets based on the consumer-substitution methodology, there are central elements of consumer preferences and service provider competitive strategies that create national linkages. An important characteristic of CMRS is that the service providers have fixed locations, but the majority of their customers make use of the services on a mobile basis and desire to make use of CMRS services in a range of locations. Consequently, various consumers are interested in a CMRS provider’s service coverage area on a local, regional, national, or even international basis. This interest gives rise to both local and national elements of competition. In addition, many CMRS providers deploy pricing and marketing strategies on a nationwide basis in order to economize on customer service and media costs. Consequently, conducting a competitive analysis solely at a local level would be misleading. Thus, here again the Commission should exercise caution in assigning too much weight to specific geographic market boundaries and the resulting market shares.

time period) versus stocks (*e.g.*, market shares measured in terms of installed bases of customers). And finally, there are multiple ways to combine market share data into scalar measures of concentration (*e.g.*, the family of C - n measures¹³ and the Herfindahl-Hirschman Index (HHI)¹⁴).

19. Third, in markets for new or rapidly changing products, market shares and concentration can change rapidly. Hence, in such markets, shares today may provide little insight into the competitive conditions of next year. For this reason, caution is especially needed with respect to the use of market shares as a measure of competitive conditions in the supply of wireless broadband services.

20. Fourth, and perhaps most important in the present context, as a matter of economics, there is no catch-all theory that relates the strength and nature of competition to market shares and concentration, or to changes in concentration. Levels and trends in concentration have to be interpreted carefully based on the underlying drivers of those levels and trends. For example, an increase in concentration could result from a quality change that induces consumers to shift to an improved product. Suppose, for instance, that an airline institutes non-stop service between two cities where previously all airlines offered only connecting service. The nonstop airline would very likely take a large share of the market, which would increase market concentration. This increased concentration does not indicate that the market

¹³ The C - n measure is calculated by summing the market shares of the n largest suppliers in a market.

¹⁴ The Herfindahl-Hirschman Index is calculated by summing the squares of the market shares of all individual suppliers in a market.

is less competitive; in fact, consumers have benefitted from the addition of higher-quality service.¹⁵ The increase in concentration reflects improved quality, not lessened competition.

21. As another example, an increase in concentration could result from a shift in the nature of costs in the industry. If economies of scale or density increase, *e.g.*, the minimum efficient scale increases, so that small firms have a greater cost disadvantage than before, then small firms are likely to be driven from the market and concentration will rise. Rather than indicate a competitive problem, increased concentration would in this case result from the competitive process that drives small, inefficient firms from the market as economies of scale and density increase. Such an increase in concentration would indicate an efficient market response to changed cost conditions and would not indicate a competitive problem that requires regulatory attention.

22. Finally, an increase in concentration may actually reflect an increase in the strength of competition. If suppliers do not compete vigorously and, instead, hold prices above competitive levels, then inefficient suppliers can remain in the market even with relatively high costs. As suppliers compete more strongly and lower the price umbrella under which inefficient firms had prospered, those high-cost firms will be driven to exit the market and concentration levels will increase. Thus again, an increase in concentration can result from increased competition rather than indicating the lack of competition.

¹⁵ Consumers who actually shift airlines clearly benefit from the higher-quality product directly. It is important to recognize that even those consumers who do not shift airlines still may benefit from the entry; other providers might respond by improving their service or lowering their prices to retain customers.

23. Attempts to apply a one-size-fits-all approach to analysis of market shares and concentration will lead to serious mistakes in an economic environment as complex as that of the CMRS industry. For example, although a wireless market with three or even five facilities-based providers may yield HHI concentration figures that reside in the “highly concentrated” category of the *Merger Guidelines*, it would be a mistake simply to assume that the market in question is not effectively competitive. Rather, sound economics mandates an analytical approach that is consistent with the Commission’s current methodology—an examination of whether competition among service providers has succeeded in advancing consumer welfare through the expansion of service offerings, the development and promotion of innovative technologies, and lower prices. Similarly, it would be a mistake to ignore the competitive realities of the market, including a provider’s minimum efficient scale of operation, and simply assume, based upon a concentration measure, that a more efficient structure is feasible.

24. Several commenters rely upon concentration thresholds stated in the *Horizontal Merger Guidelines*¹⁶ to argue that the wireless industry is not competitive. For example, CFA *et al.* contend that “any [Herfindahl-Hirschman measure of concentration] above 1800 in an individual economic area (‘EA’) indicates severely limited competition under traditional analyses.”¹⁷ As I will now discuss, this mechanical reliance on the stated thresholds using a

¹⁶ U.S. Department of Justice and the Federal Trade Commission, *Horizontal Merger Guidelines*, April 2, 1992 (revised April 8, 1997), *available at* <http://www.ftc.gov/bc/docs/horizmer.htm> (hereinafter, *Horizontal Merger Guidelines*), § 1.51.

¹⁷ Comments of Consumer Federation of America, Consumers Union, Free Press, Media Access Project, New America Foundation, and Public Knowledge, *In the Matter of Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993 Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services*, WT

single measure in an attempt to establish that the wireless industry is uncompetitive is misguided. CFA *et al.*'s claim is incorrect both as a statement about process and about economics. With respect to process, the *Horizontal Merger Guidelines* establish HHI thresholds as a trigger mechanism for further inquiry, not as a hard and fast test of when a market is competitive and when it is not.¹⁸ Moreover, the *Guidelines* downplay the significance of the stated thresholds: "Although the resulting regions provide a useful framework for merger analysis, the numerical divisions suggest greater precision than is possible with the available economic tools and information."¹⁹ As stated by a Department of Justice official, "the outcome of our merger review does not hinge on HHI calculations or any other objective or readily observable benchmark."²⁰ Consideration of factors beyond a simple HHI calculation is needed to determine whether a merger would likely be anti-competitive.

25. Evidence demonstrates that the antitrust agencies clear mergers even where the HHIs are far in excess of the "highly concentrated" threshold. A study of mergers reviewed but not challenged by the FTC between 1996 and 2003 showed that the mean HHI was in excess of

Docket No. 09-66, June 15, 2009 (hereinafter, *CFA Comments*), at 5. See also, Comments of MetroPCS Communications, Inc., *In the Matter of Wireless Telecommunications Bureau Seeks Comment on Commercial Mobile Radio Services Market Competition*, WT Docket No. 09-66, June 15, 2009 (hereinafter *MetroPCS Comments*) at 5.

¹⁸ *Horizontal Merger Guidelines*, § 2.0.

¹⁹ *Horizontal Merger Guidelines*, § 1.5.

²⁰ David L. Meyer, Deputy Assistant Attorney General for Civil Enforcement, "Merger Enforcement Is Alive and Well at the Department of Justice," Remarks at the ABA Fall Antitrust Section Forum, November 15, 2007, *available at* <http://www.usdoj.gov/atr/public/speeches/227713.htm>, *site visited* July 1, 2009. Interestingly, Mr. Meyer describes some markets as "relatively unconcentrated," even though those markets had HHIs well in excess of 1800.

3000.²¹ A high-ranking Department of Justice official observed that “the transactions we did not challenge fell across the full spectrum of concentration: from those that had little effect on concentration in unconcentrated markets to those that may have appeared to increase it substantially in relatively concentrated markets.”²²

26. CFA *et al.* asserted that, if CMRS offerings are competitively supplied, then local CMRS markets should be more concentrated (*i.e.* have higher HHIs) in rural areas than in urban areas and that the observed pattern whereby CMRS is both the most and least concentrated in rural areas indicates competition has been distorted.²³ This is an unsound claim. These commenters are correct that consumers are more sparse in rural areas than urban, so that—in the presence of economies of density—one would expect fewer service providers and greater concentration in rural areas. However, there is more to the story, and the claim regarding the implications for competition is unwarranted. For instance, national wireless service providers have been expanding into rural areas and can find themselves competing with incumbent carriers that specialize in serving rural areas.²⁴ Hence, it is not surprising that there may be some rural areas with more providers and lower HHIs than some

²¹ Malcolm B. Coate and Shawn W. Ulrick, “Transparency At The Federal Trade Commission: The Horizontal Merger Review Process 1996-2003,” February 2005, *available at* <http://www.ftc.gov/os/2005/02/0502economicissues.pdf>, *site visited* July 1, 2009, Table 1.

²² David L. Meyer, Deputy Assistant Attorney General for Civil Enforcement, “Merger Enforcement Is Alive and Well at the Department of Justice,” Remarks at the ABA Fall Antitrust Section Forum, November 15, 2007, *available at* <http://www.usdoj.gov/atr/public/speeches/227713.htm>, *site visited* July 1, 2009.

²³ CFA *Comments* at 5.

²⁴ In this regard, it is interesting to note that national carriers’ practice of entering into exclusive distribution agreements for certain handsets may benefit rural consumers because the arrangements can provide competitive advantages that allow national carriers to expand into rural areas and bring more competition to those areas.

urban areas. And it is certainly not proof that there is a problem with competition in the wireless marketplace.

B. A COMPLETE ASSESSMENT OF MARKET STRUCTURE MUST LOOK BEYOND CONCENTRATION MEASURES

27. Even if one has a coherent theory of why market shares and concentration are informative measures of competition and market power, the analysis of competition is not complete. As the *Horizontal Merger Guidelines* recognize, “market share and concentration data provide only the starting point for analyzing the competitive impact of a merger.”²⁵ A similar conclusion holds for the use of market share and concentration data to assess competition in other settings as well.

28. A complete competitive analysis must look beyond market share data and measures of concentration to examine additional structural characteristics (*e.g.*, the conditions of entry).²⁶ In CMRS markets, for example, rapidly changing prices due to substantial innovation and investment, as well as the multi-dimensional nature of service offerings (*e.g.*, “free” minutes, peak and off-peak prices, roaming charges, handset subsidies, and vertical services), create conditions that promote competition rather than coordinated pricing.

29. The Commission has for many years employed a broad range of actual market metrics to study rivalry among CMRS providers and the consequent consumer benefits. The indicators are divided into four different types²⁷: (1) market structure (the current level of

²⁵ *Horizontal Merger Guidelines*, § 2.0.

²⁶ In a merger context, see *Horizontal Merger Guidelines*, §§ 2 and 3.

²⁷ This particular grouping of the indicators began with the Ninth CMRS Competition Report, but the indicators had been used prior to that report. (Ninth Report, *In the Matter of*

concentration and ease of entry²⁸); (2) provider conduct (rivalry in price, network technology, quality, and other aspects of competition²⁹); (3) consumer behavior (access to information and churn³⁰); and (4) market performance (prices, subscribership, minutes of use, innovation, and quality of service³¹). These metrics are well-accepted among economists as highly pertinent to an assessment of competition. Moreover, commenters have provided no substantial evidence that the Commission's longstanding use of these market metrics to assess CMRS competition is inappropriate or flawed. In contrast, were the Commission to adopt an abbreviated methodology that leaned more heavily on measures of market shares and concentration, it would run the considerable risk of producing distorted views of competitive performance that incorrectly suggested a need for regulatory intervention.

30. The dangers associated with over-reliance on concentration thresholds and the concomitant need to utilize additional market metrics are particularly great when examining competition in the provision of wireless broadband data services.³² Because mobile broadband is in a nascent stage of development and poised for significant innovation, growth, and expansion going forward, a static examination of market shares and concentration may be

Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services, FCC 04-216, rel. September 28, 2004, (hereinafter, *Ninth CMRS Competition Report*), ¶ 6.)

²⁸ *Ninth CMRS Competition Report*, Section III.

²⁹ *Ninth CMRS Competition Report*, Section IV.

³⁰ *Ninth CMRS Competition Report*, Section V.

³¹ *Ninth CMRS Competition Report*, Section VI.

³² For the Fourteenth Report, the Commission has requested data from wireless broadband providers on the census tracts to which they provide wireless high-speed Internet service. (*Public Notice* at 4-5.)

of little value in determining whether the provision of mobile broadband services is effectively competitive.

IV. THE COMMISSION’S PROPOSED FINANCIAL INDICIA ARE FLAWED MEASURES OF CMRS COMPETITION

31. The Commission seeks comment on whether one or more accounting measures of carrier profitability should inform the assessment of whether there is effective competition in the provision of CMRS.³³ The Commission suggests several different measures of accounting profitability, including the return on equity or assets, and earnings per share. Similarly, the Commission proposes the use of the Lerner Index as a possibly informative indicator.³⁴ The Commission asks “which of these methods is the most appropriate for analyzing the profitability of wireless telecommunications firms and providing insight into whether there is effective competition.”³⁵ CFA *et al.* view these profit measures favorably.³⁶ As discussed in the remainder of this section, however, all of the proposed metrics should be rejected because they are not good proxies for the state of competition in the CMRS marketplace.

32. The Commission’s proposed accounting measures of profitability are: net profit ratio, operating profit ratio, return on assets, return on equity, earnings per share, and cash flow margin.³⁷ Although the Commission recognizes the distinction between accounting and

³³ Specifically, the Commission seeks comment on “the use of profitability estimates as a tool in our analysis of the performance of the CMRS industry, including to what extent profit levels are evidence of effective competition.” (*Public Notice* at 12.)

³⁴ *Public Notice* at 12.

³⁵ *Public Notice* at 12.

³⁶ *CFA Comments* at 20.

³⁷ *Public Notice* at 12.

economic profits and appears to seek to measure economic profits (*i.e.*, “revenue minus all costs, including all opportunity costs”) all of these proposed measures are explicitly based upon accounting concepts.³⁸ Furthermore, the Commission proposes to use accounting data provided in SEC-mandated company filings as its source of data. Both the measures listed and the data the Commission proposed to use make it very unlikely that the Commission could derive meaningful measures of economic profits.

32. The economics literature has long recognized the problems inherent in trying to infer economic profits from accounting measures of profits.³⁹

33. One such problem is that asset valuation from an accounting perspective does not necessarily correspond to asset valuation from an economic perspective.⁴⁰ Consequently, the accounting treatment of capital investment often yields results that have little economic meaning. The accounting treatment of intangible assets, such as research and development, advertising, and elements of service that foster the creation and development of positive reputations, is particularly problematic. Accounting conventions do not properly measure the underlying economic values of these assets, and consequently accounting profits are an unreliable proxy for economic profits.⁴¹

³⁸ *Public Notice* at 12.

³⁹ See, *e.g.*, Franklin M. Fisher and John J. McGowan (1983), “On the Misuse of Accounting Rates of Return to Infer Monopoly Profits,” *American Economic Review*, 73:1(82-97).

⁴⁰ For an overview of this problem, see Franklin M. Fisher (1988), “Accounting Data and the Economic Performance of Firms,” *Journal of Accounting and Public Policy*, 7(253-260).

⁴¹ For example, according to FASB rules, research and development (R&D) is treated as a current expense. (Financial Accounting Standards Board, “Original Pronouncements as Amended, Statement of Financial Accounting Standards No. 2, Accounting for Research and Development Costs,” issued October 1974, *available at* <http://www.fasb.org/cs/BlobServer?blobcol=urldata&blobtable=MungoBlobs&blobkey=id&b>

34. A second problem in trying to infer economic profits from accounting profits relates to the fact that the returns to most investments are highly uncertain. This uncertainty makes it essential to adjust the cost of capital to account for the degree of risk associated with the investment when calculating economic profits. In practice, proper adjustment for risk can be very difficult, and the failure to account properly for investment risk will yield inaccurate estimates of economic profits. This problem in attempting to use a profit measure to determine whether a service provider has market power is closely related to the problem that arises because regulators observe realized project returns, not the expected returns at the time the service provider made its investment decisions. The following example illustrates the importance of this distinction. Consider a potential project that requires a \$1 million investment this year and has a 50-percent chance of success next year. In the event of success, the project yields \$2 million in additional revenues, while failure leads to no new revenues. In this case, the undiscounted expected value of the project is \$0 and the discounted expected return is negative for any positive interest rate (*i.e.*, accounting for risk and the time value of money). Suppose that the firm nonetheless undertook the project and was successful. It clearly would be a mistake to conclude from the fact that the firm was earning a net return of \$1 million (\$2 million minus the \$1 million investment) that it was somehow earning excess profits as the result of market power. Such a calculation would completely fail to account for the fact that the firm had only a 50 percent chance of

lobwhere=1175818779322&blobheader=application%2Fpdf , *site visited* July 12, 2009), ¶ 12. However, proper economic analysis regards a significant portion of R&D as a capital investment because it (potentially) produces assets that yield a future stream of profits. Because of this divergence between accounting definitions and economic concepts, accounting

succeeding. The existence of such “profits” would not indicate that the supplier had market power; rather, it would illustrate the fact that using *ex post* profits to measure market power may lead to erroneous conclusions.

35. Economies of scope make it socially efficient and commercially profitable for suppliers to become multi-product firms. Consequently, CMRS providers typically offer multiple services that largely—but not completely—rely on common network facilities. This fact raises complex issues about the sharing of common costs across different services, which makes the calculation of profits for an individual service particularly difficult. Assessing the profitability of a single product of a multi-product firm can require reverse engineering various overhead measures and other cost allocations that have been made within the firm. Such reverse engineering is potentially subject to significant error and regulatory cost allocation may be inherently arbitrary.

36. Conclusions regarding CMRS competition drawn from accounting profit measures are apt to be unreliable, and policy interventions based on those conclusions may result in harm to the very consumers that well-intentioned regulators seek to protect. For these reasons, the U.S. antitrust agencies generally do not focus on accounting measures of profitability to assess the degree of competition. Rather, these agencies, as has the Commission in its examination of competition in CMRS, tend first to assess the structure of the market and then evaluate the conduct of suppliers, consumer behavior, and market performance.

profits (which are net of current R&D costs) can be higher or lower than economic profits, depending on the timing of R&D expenditures and the realization of the benefits of that R&D.

37. As is the case for accounting measures of profitability, the Commission should reject the Lerner Index as an informative metric of competition in the provision of CMRS. The Lerner Index is calculated as the difference between price and marginal cost, expressed as a percentage of price. The Lerner Index ranges between zero and 100 percent. Under certain conditions, higher values of the Lerner Index are associated with greater degrees of supplier market power. It is well-accepted among economists, however, that the Lerner Index can be subject to serious misinterpretation in a marketplace such as CMRS that is characterized by significant fixed costs and scale economies. In such a setting, market participants must set prices above marginal cost—perhaps substantially so—in order to cover fixed costs. Requiring firms to price at or near marginal cost in order to be considered competitive would set the wrong standard.⁴² In an industry with economies of scale, firms pricing at marginal cost would suffer economic losses and would not be commercially viable. Indeed, in the presence of economies of scale, a firm could have a Lerner Index of 70 percent, 80 percent, or more and still be suffering economic losses. In addition, as discussed earlier in this section, the cost allocation issues that arise when suppliers offer multiple products subject to economies of scope apply with equal force to the calculation of an individual service’s Lerner Index. For these reasons, the Lerner Index can be a very poor indicator of economic profits.⁴³

38. Thus far, the discussion has focused on the extent to which various approaches fail to measure economic profits accurately. It should be recognized that, even if it were possible to

⁴² Such a standard would correspond to a Lerner Index at the low end of the 0-to-100 percent range.

estimate accurately economic profits, effectively competitive markets do not necessarily imply modest economic profits for all market participants. Indeed, high economic profits for some suppliers can be consistent with highly competitive markets.⁴⁴ Hence, it is impossible, without more information, to infer from the degree of profits the degree of competition in a market.

39. Lastly, if—despite the many problems just identified—the Commission adopts some or all of these profitability measures as proxies for the exercise of market power, then it will have to confront the following implication of this approach: by this method, MetroPCS is exercising as much or more market power than any of the four largest national wireless carriers, and Leap Wireless is exercising as much or more market power as three of the four largest national wireless carriers.⁴⁵

⁴³ Use of the Lerner Index is complicated further by the difficulties associated with accurately measuring a wireless provider's marginal cost given consumer mobility and the nature of network provision.

⁴⁴ For example, firms can achieve high profits through innovation and other forms of successful, but risky, investments. Indeed, for all firms, it is the prospect of higher profits that creates the incentives to invest in innovation and greater efficiency.

⁴⁵ MetroPCS recently estimated, based on publicly available data, that: its core markets cash profit margin per user was higher than that of any of the four national carriers; its core markets adjusted EBITDA margin was as high as that of any of the four largest carriers; and Leap Wireless's adjusted EBITDA margins were as large or larger than those of three of the four national carriers. (MetroPCS, *Raymond James Investor Conference*, March 9, 2009, available at http://library.corporate-ir.net/library/17/177/177745/items/328122/F5EE0514-D8F3-4946-94EC-54A9C6BC0746_090306_InvestorSlides_RayJay_Final_PCS.pdf, site visited July 11, 2009, at 4 and 9.)

V. SEVERAL COMMENTERS MISCONSTRUE THE COMPETITIVE IMPLICATIONS OF MARKET CONDUCT

40. In several instances, commenters assert that certain elements of CMRS provider conduct are indicative of a lack of effective competition when, in fact, this conduct is fully consistent with effective competition. Consider several examples.

A. EXCLUSIVE DISTRIBUTION ARRANGEMENTS

41. Some commenters contend that the existence of exclusive distribution arrangements between carriers and handset makers demonstrates the absence of effective competition and the existence of market power.⁴⁶ However, as I have explained elsewhere, it is widely accepted in legal, public policy, and economic analysis that exclusive contracts frequently promote competition and consumer welfare.⁴⁷ Exclusivity arrangements can promote competition and increase incentives for suppliers to engage in: (a) facilities investment and innovation, and (b) customer service and promotional activities. These effects arise because exclusive contracts provide a means for parties to commit to dealing with one another and, thus, such contracts can increase the incentives for the parties to invest in their economic relationship.⁴⁸ For this reason, exclusivity arrangements are common in many competitive

⁴⁶ Comments of Cellular South, Inc., *In re: Wireless Telecommunications Bureau Seeks Comment on Commercial Mobile Radio Services Market Competition*, WT Docket No. 09-66, June 15, 2009 (hereinafter *Cellular South Comments*) at 9-10; *MetroPCS Comments* at 9-10.

⁴⁷ Michael L. Katz, “An Economic Analysis of the Rural Cellular Association’s Petition for Rulemaking Regarding Exclusivity Arrangements between Commercial Wireless Carriers and Handset Manufacturers,” February 2, 2009, attached as an exhibit to Comments of AT&T Inc., *In the Matter of Petition for Rulemaking Regarding Exclusivity Arrangements Between Commercial Wireless Carriers and Handset Manufacturers*, RM-11497, February 2, 2009 (hereinafter *Katz Exclusivity Analysis*).

⁴⁸ Moreover, even if one ignores the investment benefits of exclusive contracting, economic research shows that the bundling of wireless services and handsets can result in lower prices to

markets (*e.g.*, a department store may have a contract with a clothing manufacturer to be the exclusive distributor of a certain line of clothes).

42. With respect to the specific markets under consideration, the evidence indicates that use of exclusive contracts between wireless carriers and handset manufacturers promotes competition and benefits consumers in wireless communications markets. First, the introduction of exclusive handsets is an important form of competition in this industry. Manufacturers and carriers work together to create innovative new products that allow them to gain (typically temporary) competitive advantages over their rivals. Innovation by one manufacturer-carrier pair creates competitive pressure for other manufacturers and carriers to meet or beat that innovation. Second, exclusive deals between handset manufacturers and wireless carriers strengthen carriers' incentives to make network investments in support of innovative new handset features and functions, to promote new handsets, and to provide customer support for those handsets.⁴⁹

43. Although economic theory has identified circumstances in which exclusive arrangements can harm competition and consumers by excluding competitors, those

consumers. (Joseph Farrell, Hunter K. Monroe, and Garth Saloner (1998), "The Vertical Organization of Industry: Systems Competition versus Component Competition," *Journal of Economics and Management Strategy*, 7(2):143-182.)

⁴⁹ Absent exclusivity, a carrier could have reduced incentives to engage in these competitive activities in support of a handset model because: (a) many of the benefits would accrue to other carriers offering that model (through what is known as *free riding*); (b) the carrier would be reluctant to make commitments that required high sales volumes to be successful because of concern for insufficient demand (as a result of what are known as *contractual externalities*); and (c) the handset manufacturer would be in a better position to appropriate the benefits of the carrier's investments by threatening to switch the manufacturer's handset distribution to other carriers (a tactic known as *hold up*). For a more complete discussion of the incentive effects of exclusivity arrangements, see *Katz Exclusivity Analysis*.

conditions do not apply to the CMRS marketplace and the arrangements under attack by commenters. In some market settings (*e.g.*, when there is a dominant distributor that locks up such a substantial portion of the suppliers that rival distributors are left without competitively viable supply options and there are no offsetting efficiency benefits from the exclusive arrangements), exclusive contracts can harm competition, to the detriment of consumers. Those conditions do not apply here. First, there are many different manufacturers selling handsets through many different carriers. There are literally hundreds of handset options in the marketplace, and no single handset or manufacturer enjoys a dominant position. Second, this is not a marketplace in which there is a single, dominant distributor that has obtained exclusive distribution rights. Rather, many different carriers have negotiated exclusive rights to distribute individual handsets from many different manufacturers. In many instances, a single handset manufacturer has exclusive deals with several different wireless carriers, where each arrangement covers a different handset model. Such arrangements do not exclude rival carriers from dealing even with that handset manufacturer. Moreover, as just noted, there is no dominant handset manufacturer. These market facts are inconsistent with a theory that exclusive deals are being used to keep either handset manufacturers or carriers from competing. There is simply no support for the conclusion that these exclusive contracts are exclusionary and harm consumers.

44. Claims that exclusive handset arrangements are stifling competition look particularly misplaced in the light of recent marketplace developments. The iPhone is the poster child of opponents of exclusive handset arrangements, who claim that access to the iPhone is essential for a service provider to compete. Yet, far from showing the competitive harms of exclusive

distribution arrangements, the iPhone provides a vivid illustration of the competitive benefits. The exclusive arrangement between Apple and AT&T in the United States created an economic environment in which AT&T was willing to invest in network improvements to support certain innovative features of the iPhone, such as visual voicemail, and to engage in extensive promotional activities and customer training specific to the iPhone.⁵⁰ Absent the exclusivity provisions, AT&T's investment incentives would have been significantly diminished. Moreover, the introduction of the iPhone on AT&T's network is widely credited with having spurred other handset manufacturers and carriers to introduce a range of new, competing offerings. That innovation continues. Despite claims by some wireless service providers that the iPhone is an essential facility, the Blackberry Curve outsold the iPhone in the previous quarter of this year.⁵¹ And the new Palm handset and operating system has attracted a great deal of interest with its highly innovative features.⁵²

B. LIMITATIONS ON SERVICES OR FEATURES

45. CFA *et al.* assert that individual carrier's decisions to limit the use of—or in other ways not support specific wireless applications—is evidence of a lack of competition.⁵³ They

⁵⁰ Visual voicemail provides a visual index of the voicemail messages that a user has received, and it allows him or her to access those messages in any order.

⁵¹ NPD Group, "RIM Unseats Apple in The NPD Group's Latest Smartphone Ranking," available at http://www.npd.com/press/releases/press_090504.html, site visited July 6, 2009.

⁵² Walter S. Mossberg, "Palm's New Pre Takes On iPhone," *The Wall Street Journal*, June 4, 2009, available at <http://online.wsj.com/article/SB124407239691783093.html#printMode>, site visited July 11, 2009; Sprint News Release, "Sprint Sets Sales Record With Weekend Debut of Palm Pre," available at http://newsreleases.sprint.com/phoenix.zhtml?c=127149&p=irol-newsArticle_newsroom&ID=1297438&highlight=, site visited July 11, 2009.

⁵³ CFA Comments at 12-13.

make particular reference to the fact that the Skype application for the iPhone works only on WiFi not on AT&T's 3G network. The claim that AT&T's actions show a lack of effective competition suffers from two fundamental problems, one factual and the other logical. First, AT&T markets other handsets that can run Skype's application on 3G.⁵⁴ Hence, AT&T is not acting to exclude Skype from the marketplace. Second, even in an effectively competitive market, suppliers that have made large investments to build out extensive facilities may take actions that allow them to earn a return on those investments.⁵⁵

46. CFA *et al.* also assert that limitations on the availability of certain services when handsets are operated on particular networks indicate a lack of effective competition, and their comments point to the fact that two features of the latest model of iPhone (MMS and

⁵⁴ For example, Skype has released an application for Windows Mobile handsets that permits Skype calls to be placed over AT&T's 3G network. (See "Skype 3.0 for Windows® Phones," available at <http://www.skype.com/intl/en/download/skype/windowsmobile>, site visited July 11, 2009; see also Marin Perez, "Skype For Windows Phones Outclasses iPhone App," *Information Week* June 30, 2009, available at <http://www.informationweek.com/news/mobility/voip/showArticle.jhtml?articleID=218102086>, site visited July 11, 2009.) AT&T offers numerous Windows Mobile handsets, including handsets from Samsung (Epix, Propel, and Blackjack), HTC (Fuze), Pantex (Matrix), LG (Insight), and Motorola (MotoQ). (AT&T, "PDAs and Smartphones," available at <http://www.wireless.att.com/cell-phone-service/cell-phones/pda-phones-smartphones.jsp>, site visited July 13, 2009.) In addition, Skype's website provides an application called Skype Lite that allows customers to make calls on 3G networks using a variety of other handsets, including handsets offered by AT&T, *e.g.*, Nokia E71. (See <http://www.skype.com/download/skype/mobile> and <http://www.wireless.att.com/cell-phone-service/cell-phones/index.jsp>. Sites visited July 13, 2009.) Another company, known as Fring, provides free software that allows users to make Skype calls over AT&T's 3G network using devices running Nokia's Symbian software, such as the Nokia E71 offered by AT&T, or devices running Windows Mobile. (See http://www.fring.com/fring_is/how_fring_works/; see also, http://documentation.fring.com/index.php?title=Supported_Handsets. Sites visited July 13, 2009)

⁵⁵ Similar considerations apply to misplaced claims that refusals by carriers that have made extensive investments in wireless data networks to provide automatic data roaming on the terms that certain carriers that have made limited investments data networks would prefer are somehow indicative of a lack of effective competition.

tethering) do not yet operate over AT&T's 3G network.⁵⁶ However, rather than indicating that the wireless market is uncompetitive, this example points out the importance of allowing exclusive handset arrangements so that carriers and handset manufacturers have incentives to work together to enable the operation of all features. Indeed, AT&T has announced that it is undertaking the necessary steps to implement those two additional features of the latest iPhone in the very near future.⁵⁷

C. PRICING

47. CFA *et al.* assert that wireless carriers engage in parallel pricing and that such pricing is indicative of collusion.⁵⁸ These claims lack either an empirical or theoretical basis. First, empirical data indicate that carriers do not engage in parallel pricing. This is so for two reasons. One, the prices themselves are not equal and do not move in lock step.⁵⁹ Second, wireless operators offer multi-dimensional services that vary across carriers. Hence, even if nominal prices were the same across carriers, the quality-adjusted prices would not be. Turning to economic theory, it has long been recognized that, in equilibrium, perfectly

⁵⁶ CFA Comments at 12-13.

⁵⁷ AT&T has stated that "Later this summer, as part of the 3.0 software, AT&T will make multimedia messaging (MMS) available at no extra cost to customers with a text messaging bundle. And, in the future, AT&T will offer tethering capability for iPhone 3G S and iPhone 3G." AT&T, "iPhone 3G S Frequently Asked Questions," available at <http://www.wireless.att.com/learn/internet/iphone-faq.jsp>, site visited July 11, 2009.)

⁵⁸ CFA Comments at 8.

⁵⁹ For short message services, for example, the timing of changes in per message prices of the four largest wireless companies has varied, and the companies offer a variety of monthly plans with different characteristics. (Testimony of Randal S. Milch, Executive Vice President And General Counsel, Verizon Communications Inc., before the Subcommittee on Antitrust, Competition Policy, and Consumer Rights, Committee on the Judiciary, United States Senate, Cell Phone Text Messaging Rates Increases and the State of Competition in the Wireless Market, June 16, 2009 (hereinafter *Milch Testimony*) at 16-18.)

competitive firms will all charge the same price as one another. Hence, it is simply false to assert that evidence of parallel pricing (if it existed) would establish that service providers were engaged in a collective exercise of market power.⁶⁰

48. CFA *et al.* also make incorrect claims about the relationship between the prices and underlying costs of short message services (SMS, commonly known as “text” messaging services).⁶¹ CFA *et al.* make false or misleading claims about both costs and prices. First, CFA *et al.* make the false claim that text message services consume no spectrum resources and are essentially costless to provide.⁶² In fact, text messages consume radio, backhaul, and server capacity. High volumes of SMS traffic force carriers to undertake additional facilities investment in order to avoid degrading their voice, data, and SMS offerings. Moreover, the provision of SMS requires the construction and operation of certain dedicated facilities.

49. In addition to making misleading claims about costs, CFA *et al.* make misleading claims about SMS prices. Specifically, CFA *et al.* focus on the price per text message in those cases in which the consumer has not subscribed to a text messaging plan.⁶³ This focus is misleading because 99 percent of all text messages sent by AT&T and Verizon Wireless’s

⁶⁰ Courts recognize that parallel pricing is as consistent with competition as with collusion. For example, the Supreme Court has found that more than evidence of parallel pricing is needed in order to bring a Section 1 claim under the Sherman Act. (See *Bell Atlantic Corp. v. Twombly*, 127 S. Ct. 1955.)

⁶¹ CFA *Comments* at 11.

⁶² CFA *Comments* at 11 assert

Text messaging files are very small, and the price of their transmission is negligible for the provider....The text message is a free rider inside a so-called ‘control channel,’ or space that is already being used to operate the wireless network. In other words, a text message does not use up any extra spectrum once the carrier pays the cost of the underlying infrastructure and storage equipment.

customers are priced under a text message pricing plan.⁶⁴ Rather than the \$0.20 per message cited by CFA *et al.*, the average price per text message for AT&T customers was \$0.014 in March 2009.⁶⁵ For Verizon Wireless customers, the average price per text message was about \$0.0104 in April 2009.⁶⁶ Hence, the price cited by CFA *et al.* is over 1,300 percent greater than the average price actually paid by AT&T and Verizon Wireless's customers. Moreover, the March 2009, price for AT&T services constitutes a 67 percent decline from the average price of \$0.043 in January 2007, while the price for Verizon Wireless services in 2009 constitutes a 62 percent decline from the average price of \$0.028 in December 2006.⁶⁷ Thus, the pricing trend in text messaging is exactly the opposite of what CFA *et al.* claim. Rather than text prices being high and rising (as claimed by CFA *et al.*), text prices are, in fact, low and declining.

50. CFA *et al.* assert that the fact that U.S. consumers pay more, on a per subscriber basis, than the average consumer in other OECD countries indicates that CMRS is not competitive in the U.S.⁶⁸ This analysis is superficial and incomplete. In addition to examining average spend, one would have to examine the quantity and quality of the services for which consumers are paying. U.S. subscribers, for example, used an average of 3,287 outgoing

⁶³ CFA Comments at 10.

⁶⁴ Statement of Wayne Watts, Senior Executive Vice President & General Counsel, AT&T Inc., before the Subcommittee on Antitrust, Competition Policy, and Consumer Rights, Committee on the Judiciary, United States Senate, Hearing on Cell Phone Text Messaging Rate Increases and the State of Competition in the Wireless Market, June 16, 2009 (hereinafter, *Watts Testimony*) at 4; *Milch Testimony* at 5.

⁶⁵ *Watts Testimony* at 5.

⁶⁶ *Milch Testimony* at 12.

⁶⁷ *Watts Testimony* at 4-5; *Milch Testimony* at 12.

mobile minutes in 2005. Only Canada had a higher number of outgoing minutes per subscriber (3,856), and all other OECD countries for which data were available had much lower average outgoing minutes.⁶⁹ Given that U.S. consumers purchase many more mobile voice services than consumers in other OECD countries, it should hardly be surprising that U.S. consumers pay more, in total, for those services.

D. EARLY TERMINATION FEES

51. Commenters who contend that early termination fees are both a cause and consequence of market power⁷⁰ ignore: (a) the fact that early termination fees support handset subsidies that many consumers find highly desirable, (b) economic scholarship showing that early termination fees can intensify competition. Effect (b) arises because a carrier is willing to compete very vigorously to attract consumers who are then more likely to stay with that carrier.

VI. EFFECTIVE COMPETITION DOES NOT REQUIRE PERFECT COMPETITION

52. As observed above, it is widely understood that real-world markets exhibit varying degrees of imperfect competition. This fact raises the following question: How competitive is competitive enough? Put another way: When competition is imperfect, when is it nevertheless “effective?”

⁶⁸ CFA Comments at 8.

⁶⁹ Calculations from data provided in OECD, *OECD Telecommunications Outlook, 2007*, Table 4.7. Cellular Mobile Subscribers in the OECD Area, and Table 4.10: Total Outgoing Mobile Minutes, available at www.oecd.org/sti/telecom/outlook. Note that the average revenue data cited in the CFA Comments are for 2005, not 2007 as stated.

53. Reliable answers to these queries cannot be developed in isolation. In order to establish a meaningful benchmark, one must proceed with an underlying policy issue or objective in mind. For example, one useful question would be the following: When is a market competitive enough that consumers are better served by permitting the unfettered operation of market forces rather than subjecting suppliers to extensive regulation?⁷¹
54. There is a consensus among economists that market outcomes generally possess desirable characteristics barring certain *market failures*.^{72, 73}
55. Critical to economically sound policy-making is a recognition that a market's imperfect operation does not imply that regulation is desirable. Like competition, regulation is never perfect in practice, and the costs and benefits of intervention must be carefully assessed and balanced.⁷⁴ Economic welfare depends on the net effect of policy intervention,

⁷⁰ CFA Comments at 14-15.

⁷¹ Of course, some degree of government intervention in markets is almost always needed. There is a consensus among economists that government intervention is fundamental to the existence of well-functioning markets: governments define property rights and enforce contracts, which greatly facilitate private commercial activity. This type of intervention is very different than what is typically meant by “regulation” in discussions of telecommunications policy.

⁷² Although there is more than one possible taxonomy, a useful one is that market failures can arise from: (a) significant market power; (b) externalities or missing markets; and (c) asymmetric information.

⁷³ There is also a consensus among economists that market outcomes do not necessarily coincide with social and political conceptions of fairness. A common response is to call for a division of labor in policies under which economy-wide tax schemes are used to redistribute income to achieve fairness, and market-specific governmental intervention is limited to correcting market failures or ameliorating their effects.

⁷⁴ These costs may include not only the administrative costs of regulation, but also the unintended, deleterious effects of regulation on market performance and efficiency.

i.e., the difference between benefits and costs. A policy is efficiency-enhancing only if its benefits exceed its costs.

56. In its determination of whether a market is “effectively competitive,” the Commission should ask whether, given the structure and performance of the market, pervasive government regulation would be expected to yield a net benefit, *i.e.*, be efficiency-enhancing. If the answer is “no,” then regulation would be counterproductive and thus unwarranted.

57. Imposing broad regulatory burdens on competitive firms where no or only very limited regulation is warranted will be costly to firms, will distort competition, and will harm consumers. The Commission should not intervene in the CMRS industry unless there is strong evidence that there is a competitive problem.

58. The Commission’s historical consideration of market performance and conduct metrics has provided useful indicators of whether competition among service providers is advancing consumer welfare through the expansion of service offerings, the development and promotion of innovative technologies, and the lowering of prices. For the past decade, those indicators, as well as other marketplace facts have *not* indicated a problem rising to the level where regulatory intervention is warranted. In its most recent study of CMRS competition, the Commission reported that 94 percent of all United States consumers had access to four or more wireless competitors.⁷⁵ Output, prices, data speeds, broadband coverage, quality, and investment all continue to exhibit positive trends.⁷⁶ And innovation is

⁷⁵ *Thirteenth CMRS Competition Report*, ¶ 41.

⁷⁶ *Thirteenth CMRS Competition Report*, ¶¶ 197 (increase in subscribership), 201 (increase in data subscribership), 208 (increase in minutes of use), 210 (increase in text/SMS traffic), 188

occurring at a significant pace as providers compete to offer new wireless features, functionalities, devices and applications.

59. In addition, none of the conduct identified by commenters and discussed in Section V above is inconsistent with effective competition. Nonetheless, it is useful to observe that, even if some carrier were shown to have engaged in behavior that could not be explained as competitive activity, such a showing would not mean that one could conclude that the market was not effectively competitive or that regulation was warranted. Before reaching such conclusions, one would have to assess: (a) whether competition from other carriers limited any adverse effects of the behavior at issue; (b) whether consumers would seek alternative suppliers so that the carrier in question would be induced to modify its behavior in the longer run; and (c) whether there was any feasible regulatory intervention for which the expected benefits were greater than the expected costs.

VII. THE COMMISSION SHOULD REJECT REQUESTS THAT IT HARM COMPETITION AND PROTECT SPECIFIC COMPETITORS

60. Commenters representing smaller wireless service providers have in several instances confused consumer welfare with competitor welfare. They have asked the Commission for a laundry list of special concessions that may benefit these service providers as competitors but will not strengthen competition. Indeed, granting these concessions would weaken competition because it would weaken the incentives of both larger and smaller wireless carriers to invest and compete.

(decrease in average price of voice services), 194 (decrease in average price of text/SMS services), 205 (increase in usage of mobile broadband), 155 (large capital expenditures), 159 (investments in network infrastructure and additional spectrum to improve network quality).

A. EXTENSION OF ROAMING OBLIGATIONS

61. Several commenters have asked that the Commission impose on wireless carriers an automatic data roaming obligation and that the obligation extend not only to currently available technologies for carrying data traffic but to future technologies as well.^{77, 78} Commenters assert that the imposition of such an obligation would enhance competition.⁷⁹ There are, however, sound reasons to conclude that the opposite is true.

62. There are at least two broad mechanisms through which mandatory roaming can adversely affect network investment and, hence, competition. First, if a service provider is forced to share portions of its facilities with rival providers, then it will have diminished investment incentives because that investment will not be a source of competitive advantage. Rival providers' use of the shared input may lead them to increase the intensity of their other competitive activities, which harms the investing service provider. Absent a duty to deal, a service provider would not worry that other providers would use the facilities or programming funded by its investments to compete against it. Consequently, the service provider will have lower investment incentives when it is subject to a duty to deal.

⁷⁷ Comments Of Cricket Communications, Inc., *In the Matter of Implementation of Section 6002(b) of the) WT Docket No. 09-66 Omnibus Budget Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions with respect to Commercial Mobile Services*, WT Docket No. 09-66, June 15, 2009 (hereinafter *Cricket Comments*) at 11; *MetroPCS Comments* at 13, 18; Comments of the Rural Telecommunications Group, Inc., *In the Matter of Fourteenth Annual Report and Analysis of Competitive Market Conditions with Respect to Commercial Mobile Service*, WT Docket No. 09-66, § VI.

⁷⁸ "Automatic" voice, SMS, or data roaming arrangements allow customers of one wireless company to use their handsets for voice, SMS, or data functions, respectively, when roaming on another company's network without entering additional codes or obtaining credit authorizations.

⁷⁹ *Cricket Comments* at 11.

63. Second, mandatory roaming can adversely affect the investment incentives of service providers that can take advantage of the regulations to gain access to other service provider's facilities. This type of regulation is intended to stimulate complementary investment, and in some instances it can do so. But mandatory roaming at relatively low prices can undermine the incentives of the service providers gaining access to the facilities of other providers to make their own investments—why invest in your own network when another carrier can be forced to make the investment for you?

64. In summary, an automatic data roaming obligation would discourage large carriers from continuing to invest in advanced networks that can deliver data services because those networks would no longer be a point of differentiation from other networks. Furthermore, an automatic data roaming obligation would discourage smaller carriers from building out their own advanced networks to compete with the larger carriers.

65. These concerns are not just theoretical. In its comments, Cricket Communications claims that “A roaming obligation for data services...would also promote facilities investment and improve the provision of data services to poor and rural communities caught on the wrong side of the digital divide.”⁸⁰ However, statements made by Leap Wireless International, Inc.—Cricket's parent company—to the investment community tell a very different story:

Leap keeps costs low by engineering high-quality, efficient networks *covering only the urban and suburban areas* of our markets where most of our potential customers live, work and play. Leap does not incur the cost of maintaining a network or purchasing licenses simply to provide continuous geographic

⁸⁰ Cricket Comments at 11.

coverage across broad areas.⁸¹

In other words, Leap is leaving it to other carriers to undertake the costly investments necessary to serve rural consumers. Rather than encouraging investment in data networks for underserved communities, imposing automatic data roaming obligations would make it possible for Leap/Cricket to continue to avoid building out its own data networks and avoid competing with other companies for the very rural communities whose situation it laments.⁸²

66. Several commenters have asked that the Commission extend its in-market roaming requirements for voice services. Currently, carriers must be given access to automatic voice roaming in any market in which they do not hold spectrum rights.⁸³ Some commenters want this obligation extended to any market in which the carrier requesting the roaming services does not actually offer network coverage, even if the requesting carrier holds a spectrum license for the area in question.⁸⁴ For the same reasons just discussed with respect to data roaming, such a policy would benefit select competitors, but would very likely harm competition and consumers.

⁸¹ Corporate Profile, Leap Wireless, available at <http://phx.corporate-ir.net/phoenix.zhtml?c=95536&p=irol-homeProfile&t=&id=&>, site visited July 8, 2009 [emphasis added].

⁸² MetroPCS is another commenter that favors mandatory data roaming (*MetroPCS Comments* at 13) but apparently avoids rural areas: “We offer wireless broadband personal communication services, or PCS, on a no long-term contract, flat rate, unlimited usage basis in *selected major metropolitan areas* in the United States.” (Investor Overview, MetroPCS, available at <http://investor.metropcs.com/phoenix.zhtml?c=177745&p=irol-IRHome>, site visited July 8, 2009 [emphasis added].)

⁸³ 47 CFR 20.12(d).

⁸⁴ *CFA Comments* 28-30; *MetroPCS Comments* at 13-19; *BHN Comments* at 9.

B. EXCLUSIVE HANDSET DISTRIBUTION ARRANGEMENTS

67. Several smaller wireless carriers have asserted that exclusive distribution arrangements between handset manufacturers and large, national carriers impair competition and/or have asked the Commission to examine limiting the ability of handset manufacturers to enter into such arrangements.⁸⁵ However, as discussed in Section V.A above, these arrangements are pro-competitive. These comments are equating harm to competitors' commercial interests with harm to competition.⁸⁶

C. A SPECTRUM CAP AND OTHER RESTRICTIONS ON COMPETITION FOR LICENSE RIGHTS

68. Commenters have asked that the Commission limit wireless service providers' abilities to bid on new spectrum.⁸⁷ Although it is understandable that small carriers would prefer to reduce the number of bidders for spectrum and therefore reduce the competition that they face, such a restriction on competition would not benefit consumers.

69. As I have explained at length elsewhere, a binding spectrum cap would distort and attenuate competition.⁸⁸ Most fundamentally, such a cap would restrict competition by

⁸⁵ *MetroPCS Comments* at 9-10; *Cellular South Comments* at 8-10.

⁸⁶ For example, Cellular South repeatedly complains that handset exclusivity deals entered into by large carriers make it more difficult for Cellular South and other small carriers to attract consumers and thus are "harmful to rural and smaller regional carriers." (*Cellular South Comments* at ii, 13, 14, 17, 18.) MetroPCS, despite describing the CMRS market as "competitive," complains that exclusive handset arrangement make it more difficult for small carriers to compete. (*MetroPCS Comments* at ii and 10.)

⁸⁷ *Cricket Comments* at 11.

⁸⁸ Michael L. Katz, "An Economic Analysis of the Rural Telecommunications Group's Proposed Spectrum Cap," December 2, 2008, Appendix A to Opposition of Verizon Wireless, *In the Matter of Rural Telecommunications Group Petition for Rulemaking to Impose a Spectrum Aggregation Limit on all Commercial Terrestrial Wireless Spectrum Below 2.3 GHz*, RM-11498, December 2, 2008.

restricting output. A spectrum cap would restrict output because it would make it more difficult and costly (and, in some cases, impossible) for a service provider to expand when it had developed, or—in the case of innovation—was contemplating the development of, a service or device that required additional spectrum to meet consumer demand. A spectrum cap would thus harm consumers through the resulting combination of higher prices, lower service quality, and diminished innovation in service and handset offerings.

70. There are several mechanisms through which a binding spectrum cap would harm competition and consumers, and would lead to economic inefficiency:

- A spectrum cap would force firms constrained by the cap to use an inefficient input mix. The effect would be to raise the costs of expanding service. Economic analysis clearly indicates that raising the marginal costs of successful wireless service providers would generally induce those firms to charge higher prices and sell less of their services. Consumers who continued to subscribe to these carriers—or who would have subscribed to them at the lower prices the carriers would have charged absent the cap—would be harmed.
- Smaller wireless carriers might not find a spectrum cap to be a constraint on their behavior. However, to the extent that the significant rivals of these smaller carriers were constrained by the cap and, thus, charged higher prices or otherwise competed less aggressively, these smaller carriers could also be expected to compete less vigorously. Stated plainly, a binding spectrum cap could create a pricing umbrella for smaller service providers. The result would be lower industry output and higher

equilibrium prices. Although those carriers unconstrained by the spectrum cap would gain from the loss of competition, consumers would be harmed.

- The harms to competition and consumers would not be limited to static effects. Innovation would also be harmed. To see why, consider a carrier that was deciding whether to develop and introduce a new service or device that was projected to be very popular with consumers and would increase the carrier's need for spectrum. If the spectrum cap were a binding constraint on the carrier, it would find it more difficult and/or costly to introduce the new service or device. For example, introducing the new service while being unable to expand the carrier's network capacity might lead to network congestion and service degradation. The result would be to weaken innovation incentives and discourage dynamic competition.
- Lastly, in addition to the harm to consumers, there would be efficiency losses resulting from the reallocation of output from service providers that had relatively low costs (and, thus, would tend to have higher market shares and spectrum demands) to service providers that had relatively high costs (and, thus, would tend to have low market shares and low spectrum demands).⁸⁹

These costs of a spectrum cap are particularly striking in comparison with the low potential benefits of a cap given the presence of antitrust policies, such as merger review, that limit the acquisition of spectrum in those instances where it would truly be anticompetitive (*e.g.*, through certain mergers).

D. SPECIAL ACCESS

71. CFA *et al.* and Sprint-Nextel assert that special access pricing distorts competition in the wireless marketplace, both among wireless service providers⁹⁰ and between wireless and wireline service providers.⁹¹ Many of the issues raised in these comments pertain to the relevant markets for special access services, not to the CMRS offerings that are the subject of the present proceeding. I have not studied the competitiveness of the special access business and, thus, cannot offer a full assessment of these commenters' claims regarding the conditions of those markets.⁹² Instead, I will offer two observations relevant to the assessment of effective competition in the CMRS marketplace. First, despite its claim that wireless competition is distorted, Sprint-Nextel states that there is "intense competition among wireless carriers."⁹³ Second, the claims made by both Sprint-Nextel and CFA *et al.* that special access pricing distorts or weakens CMRS competition fails to apply the relevant economic concepts correctly. One such concept is opportunity cost. If, as these commenters allege, the suppliers of special access earn very high returns on their sales of special access

⁸⁹ The relative costs refer to differences in costs after taking into account any differences in service qualities.

⁹⁰ Comments of Sprint-Nextel Corporation, *In the Matter of Commercial Mobile Radio Services Market Competition*, WT Docket No. 09-66, June 15, 2009 (hereinafter, *Sprint Comments*), § II; *CFA Comments*, § III.A.

⁹¹ *Sprint Comments*, § II.

⁹² That said, I observe in passing that Sprint-Nextel's analysis of prices per Mbps (*Sprint Comments* at 5) is highly flawed. Among other problems, it fails to account for differences in the nature of the services (asymmetric versus symmetric connection speeds) and the traffic patterns of the users (*e.g.*, a single household versus a wireless carrier that is multiplexing the signals of many different end users).

Similarly, Sprint-Nextel's claims about special access providers' profits (*Sprint Comments* at 6) do not confront the difficulties inherent in attempting to infer economic profits or the degree of competition from accounting metrics. See Section IV above.

services to non-affiliated wireless service providers, then favoring their own wireless affiliates in ways that take sales from unaffiliated service providers would cause them to forgo those profits. Recognition of opportunity costs thus creates incentives for an economically rational, integrated supplier of special access and wireless services not to distort competition in favor of its own affiliate. Stated differently, Sprint-Nextel is asserting that AT&T foregoes the opportunity to earn very high special access returns in order to win business in the wireless segment that it recognizes is intensely competitive. Moreover, the claims by Sprint-Nextel and CFA *et al.* that special access providers earn high profits from those services tends to undermine the conclusion that special access is being priced in an exclusionary fashion. If special access prices were being used for exclusionary purposes, one would expect to see evidence that those prices were elevated above the levels that would maximize the profits derived from special access sales. Lastly, it is incorrect to equate the level of an input price with the degree of competition in an output market. For example, it would be a mistake to assert that the airline industry is less competitive whenever aviation fuel prices rise.

VIII. CONCLUSION

72. The Commission has sought comment on whether it should continue to utilize a range of economic indicators to gauge competition in the provision of CMRS, or in the alternative to “define effective competition in a more specific manner.”⁹⁴ The Commission also sought comment on which “specific criteria should be used to determine whether there is ‘effective

⁹³ *Sprint Comments* at 7.

competition’ among CMRS providers.”⁹⁵ For the reasons explained above, there is no simple formula or recipe that can be utilized reliably to assess competitive performance. Rather, the concept of effective competition is best understood, and its measurement best undertaken, through an examination of a range of well-established economic indicia.

73. The discussion above indicates some of what can go wrong with simplistic analysis. No one measure of competition is perfect, particularly in a complex and dynamic industry like CMRS, and some of the measures proposed or advocated by the Commission and/or commenters have serious shortcomings that limit their applicability or caution against their use altogether. In particular, with respect to the proposed use of accounting measures and the Lerner Index, reliance upon such metrics would lead to distorted assessments of competition and, quite possibly, incorrect indications of the need for regulatory intervention that would undermine—rather than promote—effective competition and consumer welfare.

74. Past Commission analyses have been rooted in a comprehensive assessment of indicia well-understood by economists as highly probative of a market’s competitive performance. To abandon this longstanding approach in favor of a simple and rigid formula could distort the Commission’s assessment of competition in CMRS, generate misleading results, and ultimately risk the imposition of regulatory intervention that is both costly and counterproductive to the promotion of economic efficiency and consumer welfare. Therefore, in order to promote the goal of effective competition in CMRS, the Commission should continue critically and carefully to examine multiple indicators of competition.

⁹⁴ *Public Notice* at 3.

APPENDIX: QUALIFICATIONS

75. I hold the Sarin Chair in Strategy and Leadership at the University of California, Berkeley, where I have a joint appointment in the Haas School of Business Administration and the Department of Economics. I have served as the Harvey Golub Professor of Business Leadership at New York University's Stern School of Business and on the faculty of the Department of Economics at Princeton University. I received my A.B. from Harvard University *summa cum laude* and my doctorate from Oxford University. Both degrees are in Economics.

76. I specialize in the economics of industrial organization, which includes the study of antitrust and regulatory policies. I regularly teach courses on microeconomics and business strategy. I am the co-author of a microeconomics textbook, and I have published numerous articles in academic journals and books. I have written academic articles on issues regarding the economics of network industries, systems markets, antitrust enforcement, and telecommunications policy. I am recognized as one of the pioneers in extending the theory of network effects to competitive settings. I am a co-editor of the *Journal of Economics and Management Strategy* and serve on the editorial boards of *Information Economics and Policy* and the *Journal of Industrial Economics*. I recently completed a term on the Computer Science and Telecommunications Board of the National Academies.

77. In addition to my academic experience, I have consulted on the application of economic analysis to issues of antitrust and regulatory policy. I have served as a consultant to both the U.S. Department of Justice and the Federal Communications Commission on issues of antitrust and regulatory policy. I have served as an expert witness before state and federal

courts. I have also provided testimony before state regulatory commissions and the U.S. Congress.

78. From January 1994 through January 1996, I served as the Chief Economist of the Federal Communications Commission under the Clinton Administration. I participated in the formulation and analysis of policies toward all industries under Commission jurisdiction. As Chief Economist, I oversaw both qualitative and quantitative policy analyses.

79. From September 2001 through January 2003, I served as the Deputy Assistant Attorney General for Economic Analysis at the U.S. Department of Justice under the Bush Administration. I directed a staff of approximately fifty economists conducting analyses of economic issues arising in both merger and non-merger enforcement. Our principal professional focus was on understanding and projecting the impacts of various business practices and public policy decisions on consumers' economic welfare. My title as Deputy Assistant Attorney General notwithstanding, I am not an attorney.

EXHIBIT B

SAMPLE VOICE AND DATA PLANS FOR T-MOBILE, SPRINT, VERIZON AND AT&T



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☐ Above \$100

Whenever Minutes

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myFaves 300	300	Unlimited	Unlimited	\$39.99	add to cart ☐ compare
Now Includes Unlimited T-Mobile To T-Mobile Calling!					
myFaves 600	600	Unlimited	Unlimited	\$49.99	add to cart ☐ compare
Now Includes Unlimited T-Mobile To T-Mobile Calling!					
myFaves 1000	1000	Unlimited	Unlimited	\$59.99	add to cart ☐ compare
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myFaves 1500	1500	Unlimited	Unlimited	\$69.99	add to cart ☐ compare

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DC/Baltimore Regional Rate Plan	3000	Local plans that go the distance.		\$49.99	add to cart ☐ compare
Individual 300	300	Unlimited Weekends	N/A	\$29.99	add to cart ☐ compare
Individual 1000	1000	None	N/A	\$39.99	add to cart ☐ compare
Individual 600	600	Unlimited	N/A	\$39.99	add to cart ☐ compare
Limited Time Offer					
Individual Plus Promotional	1000	Unlimited	N/A	\$39.99	add to cart ☐ compare
Now Includes Unlimited T-Mobile To T-Mobile Calling!					
Individual 1000 Plus	1000	Unlimited	N/A	\$49.99	add to cart ☐ compare
Now Includes Unlimited T-Mobile To T-Mobile Calling!					
Individual 1500	1500	Unlimited	N/A	\$59.99	add to cart ☐ compare
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myFaves 300 with FlexPay	300	Unlimited	Unlimited	\$39.99	add to cart ☐ compare
Now Includes Unlimited T-Mobile To T-Mobile Calling!					
myFaves 600 with FlexPay	600	Unlimited	Unlimited	\$49.99	add to cart ☐ compare
Now Includes Unlimited T-Mobile To T-Mobile Calling!					
myFaves 1000 with FlexPay	1000	Unlimited	Unlimited	\$59.99	add to cart ☐ compare
Now Includes Unlimited T-Mobile To T-Mobile Calling!					
myFaves 1500 with FlexPay	1500	Unlimited	Unlimited	\$69.99	add to cart ☐ compare

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Individual 300 with FlexPay	300	Unlimited Weekends	N/A	\$29.99	add to cart ☐ compare
Limited Time Offer					
Individual 1000 Plus with FlexPay Promotional	1000	Unlimited	N/A	\$39.99	add to cart ☐ compare
Individual 600 with FlexPay	600	Unlimited	N/A	\$39.99	add to cart ☐ compare
Individual 1000 with FlexPay	1000	None	N/A	\$39.99	add to cart ☐ compare
Now Includes Unlimited T-Mobile To T-Mobile Calling!					
Individual 1000 Plus with FlexPay	1000	Unlimited	N/A	\$49.99	add to cart ☐ compare
Now Includes Unlimited T-Mobile To T-Mobile Calling!					
Individual 1500 with FlexPay	1500	Unlimited	N/A	\$59.99	add to cart ☐ compare
Individual Unlimited with FlexPay	Unlimited	Unlimited	Unlimited	\$99.99	add to cart ☐ compare
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myFaves for families 400	400	Unlimited	Unlimited	\$69.99	add to cart ☐ compare
myFaves for families 700	700	Unlimited	Unlimited	\$79.99	add to cart ☐ compare
Get More Minutes For Your Money!					
myFaves for families 1800	1800	Unlimited	Unlimited	\$89.99	add to cart ☐ compare
Get More Minutes For Your Money!					
myFaves for families 2500	2500	Unlimited	Unlimited	\$109.99	add to cart ☐ compare
Get More Minutes For Your Money!					
myFaves for families 3500	3500	Unlimited	Unlimited	\$139.99	add to cart ☐ compare

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FamilyTime 1000	1000	Unlimited	N/A	\$69.99	add to cart ☐ compare
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FamilyTime 2500	2500	Unlimited	N/A	\$99.99	add to cart ☐ compare
Get More Minutes For Your Money!					
FamilyTime 3500	3500	Unlimited	N/A	\$129.99	add to cart ☐ compare
FamilyTime Unlimited	Unlimited	Unlimited	Unlimited	\$149.98	add to cart ☐ compare

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Plan name	Whenever Minutes	Weekend/ Night Mins	myFaves Minutes	Price per month	
myFaves for families 400 with FlexPay	400	Unlimited	Unlimited	\$69.99	add to cart ☐ compare
myFaves for families 700 with FlexPay	700	Unlimited	Unlimited	\$79.99	add to cart ☐ compare
Get More Minutes For Your Money!					
myFaves for families 1800 with FlexPay	1800	Unlimited	Unlimited	\$89.99	add to cart ☐ compare
Get More Minutes For Your Money!					
myFaves for families 2500 with FlexPay	2500	Unlimited	Unlimited	\$109.99	add to cart ☐ compare
Get More Minutes For Your Money!					
myFaves for families 3500 with FlexPay	3500	Unlimited	Unlimited	\$139.99	add to cart ☐ compare

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Family Time 700 with FlexPay	700	Unlimited	N/A	\$59.99	add to cart ☐ compare
FamilyTime 1000 with FlexPay	1000	Unlimited	N/A	\$69.99	add to cart ☐ compare
Get More Minutes For Your Money!					
FamilyTime 2500 with FlexPay	2500	Unlimited	N/A	\$99.99	add to cart ☐ compare
Get More Minutes For Your Money!					
FamilyTime 3500 with FlexPay	3500	Unlimited	N/A	\$129.99	add to cart ☐ compare
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- ☐ \$81 - \$100
- ☐ Above \$100

Whenever Minutes

- ☐ 300 - 600
- ☐ 700 - 1000
- ☐ 1500- 2500
- ☐ 3000 - 5000
- ☐ Unlimited

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myFaves 1000 with FlexPay 1000 Unlimited Unlimited **\$59.99** [add to cart](#) [compare](#)

Now Includes Unlimited T-Mobile To T-Mobile Calling!

myFaves 1500 with FlexPay 1500 Unlimited Unlimited **\$69.99** [add to cart](#) [compare](#)

Individual with FlexPay

[↑ top](#)

Get great value with the most minutes. National plans give you free domestic long distance and no digital roaming charges anywhere across the US. All plans \$49.99/month and over include unlimited T-Mobile to T-Mobile calling, too!

Plan name	Whenever Minutes	Weekend/ Night Mins	myFaves Minutes	Price per month
-----------	---------------------	------------------------	--------------------	--------------------

Individual 300 with FlexPay	300	Unlimited Weekends	N/A	\$29.99	add to cart ☐ compare
Individual 600 with FlexPay	600	Unlimited	N/A	\$39.99	add to cart ☐ compare
Individual 1000 with FlexPay	1000	None	N/A	\$39.99	add to cart ☐ compare
Now Includes Unlimited T-Mobile To T-Mobile Calling!					
Individual 1000 Plus with FlexPay	1000	Unlimited	N/A	\$49.99	add to cart ☐ compare
Now Includes Unlimited T-Mobile To T-Mobile Calling!					
Individual 1500 with FlexPay	1500	Unlimited	N/A	\$59.99	add to cart ☐ compare
Individual Unlimited with FlexPay	Unlimited	Unlimited	Unlimited	\$99.99	add to cart ☐ compare

Family myFaves with FlexPay

[↑ top](#)

myFaves for families plans give you unlimited calls to the five numbers you call most—and everyone can choose their own top five. You'll get two lines with the plan, and if you're eligible, you can add more lines for an additional charge. You'll also get plenty of Whenever Minutes® to share, unlimited nights and weekends, and unlimited T-Mobile to T-Mobile calling.

Plan name	Whenever Minutes	Weekend/ Night Mins	myFaves Minutes	Price per month	
myFaves for families 400 with FlexPay	400	Unlimited	Unlimited	\$69.99	add to cart ☐ compare
myFaves for families 700 with FlexPay	700	Unlimited	Unlimited	\$79.99	add to cart ☐ compare
Get More Minutes For Your Money!					
myFaves for families 1800 with FlexPay	1800	Unlimited	Unlimited	\$89.99	add to cart ☐ compare
Get More Minutes For Your Money!					
myFaves for families 2500 with FlexPay	2500	Unlimited	Unlimited	\$109.99	add to cart ☐ compare
Get More Minutes For Your Money!					
myFaves for families 3500 with FlexPay	3500	Unlimited	Unlimited	\$139.99	add to cart ☐ compare

FamilyTime with FlexPay

[↑ top](#)

With FamilyTime plans, you can stay connected and save as you share Whenever Minutes®. You'll get two lines with the plan, and if you're eligible, you can add more lines for an additional charge. Plus, you'll get unlimited nationwide T-Mobile to T-

Mobile calling and unlimited nights and weekends!

Plan name	Whenever Minutes	Weekend/ Night Mins	myFaves Minutes	Price per month	
Family Time 700 with FlexPay	700	Unlimited	N/A	\$59.99	add to cart ☐ compare
FamilyTime 1000 with FlexPay	1000	Unlimited	N/A	\$69.99	add to cart ☐ compare
Get More Minutes For Your Money!					
FamilyTime 2500 with FlexPay	2500	Unlimited	N/A	\$99.99	add to cart ☐ compare
Get More Minutes For Your Money!					
FamilyTime 3500 with FlexPay	3500	Unlimited	N/A	\$129.99	add to cart ☐ compare
FamilyTime Unlimited with FlexPay	Unlimited	Unlimited	Unlimited	\$149.98	add to cart ☐ compare compare

*T-Mobile customers are bound by [T-Mobile's Terms and Conditions](#).



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**Prepaid customers:
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My T-Mobile!**

Track minutes used,
refill your account,
and more.
[Register now >](#)

Got Gold?

With Gold
Rewards, get
15% more
minutes—FREE!

[Learn more](#)

Restrictions apply.

Prepaid Plans: Great value, flexible options.

Get everything you want in a wireless plan—without an annual contract, credit check, or a monthly bill! Buy a Prepaid phone kit now; when you receive the phone, activate it online and choose one of our two Prepaid plans

Pay By The Day:

Pay only on the days
you use your phone!

Pay As You Go:

Pay only for the
minutes you use!

[Buy a Prepaid phone kit now](#)

Compare Prepaid plans:

	Pay By The Day	Pay As You Go	
Unlimited Nationwide Calling	From 7 pm to 7 am and to any T-Mobile number	None	
Per Minute Costs	10¢/minute all other domestic calls	Refill Amount	Minutes
		\$10	30
		\$25	130
		\$50	400
		\$100	1000
Daily Charge	\$1/day only on the days you use your phone ¹	None	
Gold Rewards	None	Refill \$100 or more and get 15% more minutes on all refills. Your balance lasts for 1 year ²	

¹Day is 12:00 am to 11:59 pm, based on time zone associated with your phone number.

²Service available for 90 days (1 year for \$100 refill cards) after activation.

Included with every T-Mobile Prepaid plan:

- Nationwide long distance (including calls to Alaska and Hawaii).
- Nationwide roaming on the T-Mobile USA Network.
- t-zones* (browsing for HiFi Ringers®, MegaTones®, wallpapers, and more)*.
- VoiceMail, caller ID, call waiting, three-way calling**.
- E-mail address (10digitnumber@tmomail.net).

*t-zones not available on all devices.

**Airtime rates apply to voicemail retrieval, each call during a conference call, and call waiting.

Additional services for your T-Mobile Prepaid plan+

plans and monthly calling plans?

Text messaging (10¢ to send, 5¢ to receive, except for Sidekick plan).
Picture messaging (25¢ to send and receive).
Ringtones and wallpaper (prices vary).
Games and applications (prices vary).
411 & More directory assistance (\$1.79 per call plus airtime).
International dialing to over 150 countries ([international rates](#) apply).

[Prepaid international roaming rate information >](#)

+Additional services not available on all phones.

Sidekick Prepaid

Love to message? Get a Sidekick Prepaid plan for just \$1 a day.

Daily Charge Unlimited domestic e-mail, texting, IM and Web browsing	\$1/day
Per Minute Costs	15¢/minute

[Prepaid Terms and Conditions](#)

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Price Per Month

- ☐ Under \$40
☐ \$41 - \$60
☐ \$61 - \$80
☐ \$81 - \$100
☐ Above \$100

Whenever Minutes

- ☐ 300 - 600
☐ 700 - 1000
☐ 1500 - 2500
☐ 3000 - 5000
☐ Unlimited

Plan Type

- ☐ MyFaves
☐ FlexPay

Internet & Email Plans

[BlackBerry® Plans](#)
[Internet Only](#)
[SideKick® Data](#)

[compare](#)

BlackBerry® Plans

[View Data Plan Terms](#)

BlackBerry Enterprise Server

Integrate up to 10 of your existing e-mail accounts and have your messages pushed right to your BlackBerry handheld. To access corporate e-mail and wirelessly synchronize your e-mail, calendar, and contacts with your desktop e-mail application, your company must have a BlackBerry Enterprise Server.** All plans have unlimited [Web browsing](#), [BlackBerry Internet E-mail](#), and [BlackBerry Enterprise Server](#) access.

**Note: BlackBerry Enterprise Server software is an additional charge and must be purchased separately. To find out if your company has a BlackBerry Enterprise Server, ask your IT department.

Plan name	Whenever Minutes	Data per month	E-mail per month	Price per month	
BlackBerry Unlimited w/Enterprise E-mail	None	Unlimited	Unlimited	\$39.98	add to cart ☐ compare

BlackBerry Internet Service

Choose a data-only plan with unlimited [e-mail](#) and [Web browsing](#), or choose one of our bundled Minutes & Mail plans to add tons of [Whenever Minutes®](#) to these great data features.

Plan name	Whenever Minutes	Data per month	E-mail per month	Price per month	
BlackBerry Unlimited	None	Unlimited	Unlimited	\$39.99	add to cart ☐ compare

Family plan packages:
Please your family
(and your wallet!)
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Internet Only Plans

[↑ top](#)

Want Internet access on the go? Get [Web browsing](#) everywhere within the T-Mobile network with our Internet-only plans.

[View Data Plan Terms](#)

Plan name	Whenever Minutes	Data per month	E-mail per month	Price per month	
T-Mobile Total Internet	None	Unlimited	Unlimited	\$39.99	add to cart ☐ compare
T-Mobile webConnect Data Plan	None	5 GB	N/A	\$59.99	add to cart ☐ compare

SideKick® Data Plan

[↑ top](#)

Get the most from your Sidekick with unlimited [e-mail](#), [AOL® Instant Messenger™](#), [Web browsing](#), and [text messaging](#). If you want to talk as much as you type, you can purchase a voice plan and add unlimited Sidekick Unlimited service.

[View Data Plan Terms](#)

Plan name	Whenever Minutes	Data per month	E-mail per month	Price per month	
Sidekick® Unlimited Web + 300 Messages	None	Unlimited	N/A	\$44.99	add to cart ☐ compare
Sidekick® Unlimited Web + Unlimited Messages	None	Unlimited	Unlimited	\$54.99	add to cart ☐ compare
					compare

Prices exclusive to T-Mobile.com and valid only with new service activation.



The list of plans has been filtered based on the criteria below. To see a full list of plans, click Reset below.

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Create your own stimulus plan

Save up to
\$360/annually
on our Everything Data
Family Plan, compared
to similar AT&T and
Verizon plans.

[Calculate savings](#)

Simply EverythingSM

[Buy with Mobile Broadband and save \\$9.99/mo.](#)

Everything your phone, PDA or smartphone can do nationwide - unlimited text, surf, email, listen, watch, find and of course, talk - on one simple plan.

This plan includes

Unlimited data: Web surfing, email, BlackBerry Internet Services (BIS), GPS Navigation, Music Premier, TV Premier, NFL Mobile Live, NASCAR Sprint Cup MobileSM

Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)

Unlimited messaging: Text, pictures and video

Unlimited talk: Unlimited anytime minutes, nationwide long distance and no roaming charges

[More about what's included in this plan](#)

	Anytime Minutes	Monthly Price	Additional Anytime Minutes	
Best Value	Unlimited	\$99.99	Unlimited	Select

Everything Data

Maximize your phone's potential with unlimited data, Direct Connect and messages.

This plan includes

Unlimited data: Web surfing, email, BlackBerry Internet Services (BIS), GPS Navigation, Music Premier, TV Premier, NFL Mobile Live, NASCAR Sprint Cup MobileSM

Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)

Unlimited messaging: Text, pictures and video

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

[More about what's included in this plan](#)

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
450	\$69.99	45¢/min	Select
900	\$89.99	40¢/min	Select

Everything Messaging

Communicate without saying a word; with this plan, you can text, share and send your heart out.

This plan includes

Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)

Unlimited messaging: Text, pictures and video

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

[More about what's included in this plan](#)

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
450	\$49.99	45¢/min	Select

900	\$69.99	40¢/min	Select
-----	---------	---------	--------

Talk

Let your voice be heard with these voice-only plans.

This plan includes
Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges
[More about what's included in this plan](#)

Additional plan options:
Unlimited Nights & Weekends
☒ Unlimited Nights & Weekends starting at 7pm! - \$0.00
☐ Nights and Weekends starting at 6PM - \$5.00

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
450	\$39.99	45¢/min	Select
900	\$59.99	40¢/min	Select

Basic

Get back to the basics with this plan ideal for the occasional caller.

This plan includes
Talk: Night calling and weekends starting at 9 p.m., nationwide long distance and no roaming charges
[More about what's included in this plan](#)

Additional plan options:
Unlimited Nights & Weekends
☒ Nights and Weekends - Starting at 9pm - \$0.00
☐ Nights and Weekends - Starting at 7pm - \$5.00
☐ Nights and Weekends - Starting at 6pm - \$10.00

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
200	\$29.99	45¢/min	Select

Nextel Direct Connect® Custom Plans

Do you rely on push-to-talk? Try our Nextel Direct Connect Custom Plans. Pick either Unlimited Work Group Communications (\$29.99) OR Unlimited Work Group Communications + Web and Navigation (\$39.99/\$49.99). Then add voice minutes to share.

This plan includes
Unlimited Direct Connect: Direct Connect and Group Connect
Unlimited Messaging: Text, pictures and video
Talk: Unlimited mobile to mobile, night calling and weekends starting at 9 p.m., nationwide long distance and no roaming charges
[More about what's included in this plan](#)

Additional plan options:
+ Unlimited Web and Navigation
Surf the Net as easily as you do from your laptop or PC and get voice-guided turn-by-turn driving directions, maps, traffic alerts and on-click rerouting.

Anytime minutes
Available to all Nextel Direct Connect Custom Plan subscribers on the same account.
• 500 Anytime minutes – \$30/mo.
• 2,000 Anytime minutes – \$100/mo. Buy now and get an extra 500 minutes!

	Anytime Minutes	Monthly Price	Additional Anytime Minutes	
Work Group Communications	0	\$29.99	40¢/min	Select
Work Group Communications + Web and Navigation	0	\$39.99 / 49.99 Nextel phones / Sprint phones	40¢/min	Select

[Features included in all voice plans.](#)

[Terms & Conditions](#)

**Plans**

Phones



Services



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Nextel Direct Connect®



Individual



Share



Business



Mobile Broadband Cards

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Create your own stimulus plan

Save up to

\$360/annually

on our Everything Data Family Plan, compared to similar AT&T and Verizon plans.

[Calculate savings](#)

Simply EverythingSM

[Buy with Mobile Broadband and save \\$9.99/mo.](#)

Everything your phone, PDA or smartphone can do nationwide - unlimited text, surf, email, listen, watch, find and of course, talk - on one simple plan.

This plan includes

Unlimited data: Web surfing, email, BlackBerry Internet Services (BIS), GPS Navigation, Music Premier, TV Premier, NFL Mobile Live, NASCAR Sprint Cup MobileSM

Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)

Unlimited messaging: Text, pictures and video

Unlimited talk: Unlimited anytime minutes, nationwide long distance and no roaming charges

[More about what's included in this plan](#)

	Anytime Minutes	Monthly Price	Additional Anytime Minutes	
Best Value	Unlimited	\$99.99	Unlimited	Select

Simply EverythingSM Family

[Buy with Mobile Broadband and save \\$9.99/mo.](#)

Everything you need for the whole family - unlimited text, surf, email, listen, watch, find and, of course, talk - on one simple plan.

This plan includes

Unlimited data: Web surfing, email, BlackBerry Internet Services (BIS), GPS Navigation, Music Premier, TV Premier, NFL Mobile Live, NASCAR Sprint Cup MobileSM

Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)

Unlimited messaging: Text, pictures and video

Unlimited talk: Unlimited anytime minutes, nationwide long distance and no roaming charges

Lines 1-2 included. Lines 3-5 \$89.99/mo./line

[More about what's included in this plan](#)

	Anytime Minutes	Monthly Price	Additional Anytime Minutes	Lines	
Best Value	Unlimited	\$189.98	Unlimited	2	Select

Everything Data

Maximize your phone's potential with unlimited data, Direct Connect and messages.

This plan includes

Unlimited data: Web surfing, email, BlackBerry Internet Services (BIS), GPS Navigation, Music Premier, TV Premier, NFL Mobile Live, NASCAR Sprint Cup MobileSM

Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)

Unlimited messaging: Text, pictures and video

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

[More about what's included in this plan](#)

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
450	\$69.99	45¢/min	Select
900	\$89.99	40¢/min	Select

Everything Data Family

Have fun with your phones —unlimited email, Web, TV, text and more.

This plan includes

Unlimited data: Web surfing, email, BlackBerry Internet Services (BIS), GPS Navigation, Music Premier, TV Premier, NFL Mobile Live and NASCAR Sprint Cup MobileSM

Unlimited messaging: Text, pictures and video

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

Lines 1-2 included. Lines 3-5 are \$19.99/mo./line

Featured services for Nextel Direct Connect® capable phones: Direct Connect and Group Connect® \$5/mo./line (Look for this on the Services page prior to checkout.)

[More about what's included in this plan](#)

Additional plan options:

Unlimited Nights & Weekends



Unlimited Nights & Weekends starting at 7pm! - \$0.00



Nights and Weekends starting at 6PM - \$10.00

Anytime Minutes	Monthly Price	Additional Anytime Minutes	Lines	
1500	\$129.99	40¢/min	2	Select
3000	\$169.99	25¢/min	2	Select

Everything Messaging

Communicate without saying a word; with this plan, you can text, share and send your heart out.

This plan includes

Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)

Unlimited messaging: Text, pictures and video

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

[More about what's included in this plan](#)

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
450	\$49.99	45¢/min	Select
900	\$69.99	40¢/min	Select

Everything Messaging Family

Share minutes and text your heart out with unlimited messages.

This plan includes

Unlimited messaging: Text, pictures and video

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

Lines 1-2 included. Lines 3-5 are \$9.99/mo./line

Featured services for Nextel Direct Connect® capable phones: Direct Connect and Group Connect® \$5/mo./line (Look for this on the Services page prior to checkout.)

[More about what's included in this plan](#)

Additional plan options:

Unlimited Nights & Weekends



Unlimited Nights & Weekends starting at 7pm! - \$0.00



Nights and Weekends starting at 6PM - \$10.00

Anytime Minutes	Monthly Price	Additional Anytime Minutes	Lines	
1500	\$99.99	40¢/min		Select
3000	\$149.99	25¢/min		Select

Talk

Let your voice be heard with these voice-only plans.

This plan includes

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

[More about what's included in this plan](#)

Additional plan options:

Unlimited Nights & Weekends

- ☒ [Unlimited Nights & Weekends starting at 7pm!](#) - \$0.00
- ☐ [Nights and Weekends starting at 6PM](#) - \$5.00

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
450	\$39.99	45¢/min	Select
900	\$59.99	40¢/min	Select

Talk for Family

Let your voice be heard with these voice-only shared plans.

This plan includes

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

Lines 1-2 included. Lines 3-5 are \$9.99/mo./line

Featured services for Nextel Direct Connect® capable phones: Direct Connect and Group Connect® \$5/mo./line (Look for this on the Services page prior to checkout.)

[More about what's included in this plan](#)

Additional plan options:

Unlimited Nights & Weekends

- ☒ [Unlimited Nights & Weekends starting at 7pm!](#) - \$0.00
- ☐ [Nights and Weekends starting at 6PM](#) - \$10.00

Anytime Minutes	Monthly Price	Additional Anytime Minutes	Lines	
700	\$69.99	45¢/min		Select

Basic

Get back to the basics with this plan ideal for the occasional caller.

This plan includes

Talk: Night calling and weekends starting at 9 p.m., nationwide long distance and no roaming charges

[More about what's included in this plan](#)

Additional plan options:

Unlimited Nights & Weekends

- ☒ [Nights and Weekends - Starting at 9pm](#) - \$0.00
- ☐ [Nights and Weekends - Starting at 7pm](#) - \$5.00
- ☐ [Nights and Weekends - Starting at 6pm](#) - \$10.00

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
200	\$29.99	45¢/min	Select

Business Essentials with Messaging and Data

Give your employees the tools they need to succeed with 24/7 email access, unlimited texting to always stay connected and driving directions to every important meeting.

This plan includes

Unlimited data: Web surfing, email, BlackBerry Internet Services (BIS), GPS Navigation, Music Premier, TV Premier, NFL Mobile Live, NASCAR Sprint Cup MobileSM

Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)

Unlimited messaging: Text, pictures and video

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance

and no roaming charges

Already have this plan? Give additional employees access to plan minutes for \$55/mo./line. Call [866-866-7509](tel:866-866-7509) to order.

[More about what's included in this plan](#)

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
400	\$69.99	40¢/min	Select
1000	\$89.99	40¢/min	Select
1400	\$109.99	40¢/min	Select
2000	\$129.99	40¢/min	Select
3000	\$179.99	40¢/min	Select
4000	\$229.99	40¢/min	Select

Business Essentials

Everything you need to keep your business buzzing with pooled minutes available to all Business Essential plan subscribers on the same account.

This plan includes

Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

Already have this plan? Give additional employees access to plan minutes from \$25/mo./line. Call [866-866-7509](tel:866-866-7509) to order.

[More about what's included in this plan](#)

Additional plan options:

Unlimited Nights & Weekends

☒ Unlimited Nights & Weekends starting at 7pm! - \$0.00

☐ Nights and Weekends - Starting at 6pm - \$10.00

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
400	\$39.99	40¢/min	Select
1000	\$59.99	40¢/min	Select
1400	\$79.99	40¢/min	Select
2000	\$99.99	40¢/min	Select
3000	\$149.99	40¢/min	Select
4000	\$199.99	40¢/min	Select

Nextel Direct Connect® Custom Plans

Do you rely on push-to-talk? Try our Nextel Direct Connect Custom Plans. Pick either Unlimited Work Group Communications (\$29.99) OR Unlimited Work Group Communications + Web and Navigation (\$39.99/\$49.99). Then add voice minutes to share.

This plan includes

Unlimited Direct Connect: Direct Connect and Group Connect

Unlimited Messaging: Text, pictures and video

Talk: Unlimited mobile to mobile, night calling and weekends starting at 9 p.m., nationwide long distance and no roaming charges

[More about what's included in this plan](#)

Additional plan options:

+ Unlimited Web and Navigation

Surf the Net as easily as you do from your laptop or PC and get voice-guided turn-by-turn driving directions, maps, traffic alerts and on-click rerouting.

Anytime minutes

Available to all Nextel Direct Connect Custom Plan subscribers on the same account.

- 500 Anytime minutes – \$30/mo.
- 2,000 Anytime minutes – \$100/mo. Buy now and get an extra 500 minutes!

	Anytime Minutes	Monthly Price	Additional Anytime Minutes	
Work Group Communications	0	\$29.99	40¢/min	Select
Work Group Communications + Web and Navigation	0	\$39.99 / 49.99 Nextel phones / Sprint phones	40¢/min	Select

[Features included in all voice plans.](#)

**Plans**

Phones



Services



Accessories

Order by phone
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Nextel Direct Connect®



Individual



Share



Business



Mobile Broadband Cards

[Reset](#)

Create
your own
stimulus plan

Save up to
\$360/annually
on our Everything Data
Family Plan, compared
to similar AT&T and
Verizon plans.

[Calculate savings](#)

Simply EverythingSM Family

[Buy with Mobile Broadband and save \\$9.99/mo.](#)

Everything you need for the whole family - unlimited text, surf, email, listen, watch, find and, of course, talk - on one simple plan.

This plan includes

Unlimited data: Web surfing, email, BlackBerry Internet Services (BIS), GPS Navigation, Music Premier, TV Premier, NFL Mobile Live, NASCAR Sprint Cup MobileSM

Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)

Unlimited messaging: Text, pictures and video

Unlimited talk: Unlimited anytime minutes, nationwide long distance and no roaming charges

Lines 1-2 included. Lines 3-5 \$89.99/mo./line

[More about what's included in this plan](#)

	Anytime Minutes	Monthly Price	Additional Anytime Minutes	Lines	
Best Value	Unlimited	\$189.98	Unlimited	2	Select

Everything Data Family

Have fun with your phones —unlimited email, Web, TV, text and more.

This plan includes

Unlimited data: Web surfing, email, BlackBerry Internet Services (BIS), GPS Navigation, Music Premier, TV Premier, NFL Mobile Live and NASCAR Sprint Cup MobileSM

Unlimited messaging: Text, pictures and video

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

Lines 1-2 included. Lines 3-5 are \$19.99/mo./line

Featured services for Nextel Direct Connect® capable phones: Direct Connect and Group Connect® \$5/mo./line (Look for this on the Services page prior to checkout.)

[More about what's included in this plan](#)

Additional plan options:

Unlimited Nights & Weekends



Unlimited Nights & Weekends starting at 7pm! - \$0.00



Nights and Weekends starting at 6PM - \$10.00

Anytime Minutes	Monthly Price	Additional Anytime Minutes	Lines	
1500	\$129.99	40¢/min	2	Select
3000	\$169.99	25¢/min	2	Select

Everything Messaging Family

Share minutes and text your heart out with unlimited messages.

This plan includes

Unlimited messaging: Text, pictures and video

Additional plan options:

Unlimited Nights & Weekends

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

Lines 1-2 included. Lines 3-5 are \$9.99/mo./line

Featured services for Nextel Direct Connect® capable phones: Direct Connect and Group Connect® \$5/mo./line (Look for this on the Services page prior to checkout.)

[More about what's included in this plan](#)

- ☒ [Unlimited Nights & Weekends starting at 7pm!](#) - \$0.00
- ☐ [Nights and Weekends starting at 6PM](#) - \$10.00

Anytime Minutes	Monthly Price	Additional Anytime Minutes	Lines	
1500	\$99.99	40¢/min	2	Select
3000	\$149.99	25¢/min	2	Select

Talk for Family

Let your voice be heard with these voice-only shared plans.

This plan includes

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

Lines 1-2 included. Lines 3-5 are \$9.99/mo./line

Featured services for Nextel Direct Connect® capable phones: Direct Connect and Group Connect® \$5/mo./line (Look for this on the Services page prior to checkout.)

[More about what's included in this plan](#)

Additional plan options:

Unlimited Nights & Weekends

- ☒ [Unlimited Nights & Weekends starting at 7pm!](#) - \$0.00
- ☐ [Nights and Weekends starting at 6PM](#) - \$10.00

Anytime Minutes	Monthly Price	Additional Anytime Minutes	Lines	
700	\$69.99	45¢/min	2	Select

Nextel Direct Connect® Custom Plans

Do you rely on push-to-talk? Try our Nextel Direct Connect Custom Plans. Pick either Unlimited Work Group Communications (\$29.99) OR Unlimited Work Group Communications + Web and Navigation (\$39.99/\$49.99). Then add voice minutes to share.

This plan includes

Unlimited Direct Connect: Direct Connect and Group Connect

Unlimited Messaging: Text, pictures and video

Talk: Unlimited mobile to mobile, night calling and weekends starting at 9 p.m., nationwide long distance and no roaming charges

[More about what's included in this plan](#)

Additional plan options:

+ Unlimited Web and Navigation

Surf the Net as easily as you do from your laptop or PC and get voice-guided turn-by-turn driving directions, maps, traffic alerts and on-click rerouting.

Anytime minutes

Available to all Nextel Direct Connect Custom Plan subscribers on the same account.

- 500 Anytime minutes – \$30/mo.
- 2,000 Anytime minutes – \$100/mo. Buy now and get an extra 500 minutes!

	Anytime Minutes	Monthly Price	Additional Anytime Minutes	
Work Group Communications	0	\$29.99	40¢/min	Select
Work Group Communications + Web and Navigation	0	\$39.99 / 49.99 Nextel phones / Sprint phones	40¢/min	Select

[Features included in all voice plans.](#)

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1

Plans

2

Phones

3

Services

4

Accessories

Order by phone
1-866-866-7509

Retrieve my Saved Cart |
You are shopping in Washington, DC 20005

The list of plans has been filtered based on the criteria below. To see a full list of plans, click Reset below.

Narrow My List > ☒ Nextel Direct Connect® ☐ Individual ☐ Share ☐ Business ☒ Mobile Broadband Cards [Reset](#)

Create your own stimulus plan

Save up to \$360/annually on our Everything Data Family Plan, compared to similar AT&T and Verizon plans.

[Calculate savings](#)

Mobile Broadband Connection Plan - 3G

[Buy with Simply Everything™ and save \\$9.99/mo.](#)

With this plan and your Mobile Broadband device, you have instant Internet access wherever you go on the Sprint Mobile Broadband Network.

This plan includes
5 GB/mo. in total or 300 MB/mo. while off-network roaming. (1024 kb=1MB. 1024 MB=1 GB)

Additional monthly usage over 5 GB costs 5¢/MB. You may not use more than 300 MB/mo. while off-network roaming. You can check your usage online anytime. Log into [www.sprint.com/mysprint](#) and click on usage details.

International data roaming may incur additional charges.

Sprint reserves the right to limit throughput speeds or amount of data transferred. [See what you can do with 5GB or 300MB a month.](#)

[Learn more about what's included in this plan](#)

	Approximate file size*	How many of these can I send or receive in a month (300MB) while roaming?*	How many of these can I send or receive in a month (5GB) while on the Sprint network?*
Email (Text only, no images)	3 KB	100,000	1,700,000
Photo (Low resolution image)	500 KB	600	10,000
Music (3 minute song)	3 MB	98	1,667
Movie (full length feature)	700 MB	0	7

*These file sizes and downloads are estimated and will vary widely depending on lots of different factors. So, you shouldn't really use this information to decide how many videos or songs you can download. To check your current data usage, log on to My Sprint.

Anytime Minutes	Monthly Price	Monthly Usage	
0	\$59.99	5GB	Select

Mobile Broadband Connection Plan - 3G/4G

Get the best of both worlds: Take advantage of turbo-charged unlimited 4G Internet access in the Baltimore area and 5GB of 3G coverage nationwide. [Important coverage and plan information.](#)

This plan includes
An unlimited 4G connection in Baltimore that can keep up with you. Download mammoth files, watch streaming videos and video conferencing without the lag. More coverage locations coming soon!

3G coverage nationwide: 5GB/mo. in total or 300 MB/mo. while off-network roaming. Additional monthly usage over 5GB costs 5¢/MB. You may not use more than 300 MB/mo. while off-network roaming. You can check your usage online anytime. Log into [www.sprint.com/mysprint](#) and click on usage details.

International data roaming may incur additional charges.

Sprint reserves the right to limit throughput speeds or amount of data transferred.

Anytime Minutes	Monthly Price	Monthly Usage	
Unlimited	\$79.99	4G: Unlimited/3G: 5GB	Select

[Features included in all voice plans.](#)



[Residential](#)
[Business](#)
[Wireless](#)

Individual Plans

Introducing Friends & Family.®

Connect More. Spend Less.

Unlimited calling to 5 out-of-network numbers, even landlines.

Plus, as always, get America's Largest Mobile to Mobile Calling Family. All at no extra cost.

On Nationwide Single-Line Plan with 900 Anytime Minutes or more.



OTHER PLANS

[Family Plans](#)

EXISTING CUSTOMERS

[Sign in to My Verizon](#)

[Change Calling Plan](#)

[Add a Line](#)

Plans

	Basic Plans	Select Plans	Connect Plans	Premium Plans*
Monthly Access	Starting at \$39.99	Starting at \$59.99	Starting at \$69.99	Starting at \$79.99
Monthly Anytime Minutes	Starting at 450	Starting at 450	Starting at 450	Starting at 450
Friends & Family	5 numbers included on plans with 900 Anytime Minutes or more	5 numbers included on plans with 900 Anytime Minutes or more	5 numbers included on plans with 900 Anytime Minutes or more	5 numbers included on plans with 900 Anytime Minutes or more
Unlimited Mobile to Mobile Minutes	✓	✓	✓	✓

Unlimited Night & Weekend Minutes				
Domestic Long Distance Included				
Web Browsing	\$1.99/MB	\$1.99/MB	Unlimited	Unlimited
Text Messaging	\$0.20/Message	Unlimited	Unlimited	Unlimited
Picture & Video Messaging	\$0.25/Message	Unlimited	Unlimited	Unlimited
Mobile Email _	—	—		
V CAST VPak _	—	—	—	
VZ Navigator _	—	—	—	

*Available on select phones only

Other Individual Plans

Messaging only

Unlimited messaging without voice minutes for one low monthly price.

[Shop Now](#)

65 Plus

A plan designed to meet the needs of customers 65 and older.

[Shop Now](#)

Push To Talk Only

Unlimited 1-to-1 and Group Push To Talk calling.

[Shop Now](#)

Nationwide Plus Canada

The perfect plan for frequent travelers to Canada.

[Shop Now](#)

Check out all of your options

View all calling plans

[Shop Now](#)



Residential
Business
Wireless

Family SharePlans®



PlanBuilderSM



Build the Family SharePlan that'll keep everybody happy. Including your wallet.

Start Building!

Introducing Friends & Family.®

Introducing Friends & Family. Save minutes and money. Unlimited calling to 10 out-of-network numbers, even landlines, on any Nationwide Family SharePlan with 1,400 Anytime Minutes or more. Plus, as always, get America's Largest Mobile-to-Mobile Calling Family. 80 million strong. All at no extra cost.

The best value in wireless is only on the network.

Plans

	Basic Plans	Select Plans	Connect Plans	Premium Plans*
Monthly Access	Starting at \$69.99 / 2 lines	Starting at \$99.99 / 2 lines	Starting at \$119.99 / 2 lines	Starting at \$139.99 / 2 lines
Monthly Anytime Minutes	Starting at 700	Starting at 700	Starting at 700	Starting at 700
Friends & Family -	10 numbers included on plans with 1400 Anytime Minutes or more	10 numbers included on plans with 1400 Anytime Minutes or more	10 numbers included on plans with 1400 Anytime Minutes or more	10 numbers included on plans with 1400 Anytime Minutes or more
Unlimited Mobile to Mobile Minutes	✓	✓	✓	✓
Unlimited Night &	✓	✓	✓	✓

Weekend Minutes				
Domestic Long Distance Included				
Web Browsing	\$1.99/MB	\$1.99/MB	Unlimited	Unlimited
Text Messaging	\$0.20/Message	Unlimited	Unlimited	Unlimited
Picture & Video Messaging	\$0.25/Message	Unlimited	Unlimited	Unlimited
Mobile Email _	—	—		
V CAST VPak _	—	—	—	
VZ Navigator _	—	—	—	

*Available on select phones only

Other Family Plans

65 Plus

A plan designed to meet the needs of customers 65 and older.

[Shop Now](#)

Nationwide Plus Canada

The perfect plan for frequent travelers to Canada.

[Shop Now](#)

Check out all of your options

View all calling plans

[Shop Now](#)



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[Business](#)
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VERIZON WIRELESS PREPAID

- **Pay only on the days you use it.**
 Didn't use it on Monday, then don't pay anything on Monday.
- **Variety of new plans available to fit your lifestyle and budget.**
- **Unlimited Mobile to Mobile Calling with over 80 million Verizon Wireless customers.**
- **No credit checks, long-term contracts or deposits.**
- **Great features like VZ Navigator and V CAST Music with Rhapsody.**

Prepaid Coverage Maps:

[National map](#)
[Regional map](#)

Included Features:

[Get the Details](#)

Select a Plan:	☐ Unlimited Talk	☐ Plus	☐ Core	☐ Basic
Daily Access (only on days used)	\$3.99	\$1.99	\$0.99	\$0.00
Mobile to Mobile Calling (with Verizon Wireless customers)	Unlimited	Unlimited	Unlimited	25¢Min
Night & Weekend Minutes (per minute)	Unlimited	Unlimited	10¢	
Each Additional Minute (For all other calls)	Unlimited	5¢	10¢	
Text Messaging Rates (per message sent & received)	1¢	5¢	10¢	20¢Text Message

Night Minutes: 9:01p.m - 5:59am; Weekend Minutes: 12:00am Saturday - 11:59p.m. Sunday

[View International Calling and Text Messaging Rates and Locations](#)

Refill Expiration (once applied to the account)

- \$15-\$29.99 expires in 30 days
- \$30-\$74.99 expires in 90 days
- \$75-\$99.99 expires in 180 days
- \$100 or more expires in ONE YEAR!

Brochures: [English](#) | [Spanish](#)

ADDITIONAL CALLING PLAN INFORMATION

- **NEW! Messaging Bundles Available**

- **\$20/month for Unlimited Messaging to anyone on any network in the U.S.***
- **\$10/month for Unlimited Mobile to Mobile Messaging with Verizon Wireless customers PLUS 250 additional messages***
- V CAST Music with Rhapsody - 99¢ / song via PC; \$1.99 / song via phone; 99¢ download fee**
- Ringback Tones - 99¢ per month & \$1.99 per Ringback Tone/Year
- Picture and Video Messaging - 25¢ per message
- Mobile Web - 99¢ per day of use (24-hour period)
- Domestic Long Distance Included (airtime charges apply)
- Domestic Roaming Rate is 20¢ Per Minute
- International Text Messaging - 25¢ per message sent, messages received are same as calling plan
- International Roaming – Voice Calls
 - 69¢/min in Puerto Rico, Canada & US Virgin Islands
 - 99¢/min in Mexico
 - \$1.99/min in Bermuda
- International Roaming – Text Messaging
 - 50¢ per message sent
 - 5¢ per message received
- 411 Search - \$1.49 per call plus airtime
- Up to \$25 activation fee may apply.

* Additional and Unlimited Messages apply when sending and receiving: (i) Instant Messages, Text Alerts and Picture and Video Messaging Portal Messages; (ii) Messages with non-Verizon Wireless customers in the United States or participating networks in Canada, Mexico and Puerto Rico; or (iii) via email. Unlimited Messages also include Mobile to Mobile Messages with Verizon Wireless Customers. For Additional Messages, overage Messaging rates default to those of your Calling Plan. Premium Messaging programs and International Messaging not included.

** A 99¢ download fee applies in addition to song price on 1st purchase in any 24-hour period - (phone purchases only). For songs purchased from the phone, a second copy of the song is available for download from the V CAST Music with Rhapsody Online Store account on your PC. Browsing, previewing, and downloading music on your phone will not use airtime. See Prepaid Customer Agreement brochure for complete terms and conditions.

Mobile to Mobile, Night Minutes, Weekend Minutes and Per-Minute Rate are for use from within the Verizon Wireless Prepaid Rate and Coverage Area. Daily Access will be charged and deducted from your account only on days you make or receive calls and is valid until 11:59 p.m. Daily Access of \$0.99, \$1.99 or \$2.99, calls rated at per minute rate and other charges for available services on your prepaid plan may deplete balance prior to its expiration. You will not be able to make or receive voice calls if you do not have the amount required for your daily access. Your account balance will expire at 12:01 a.m. on the day stated at the time of replenishment. To carry your balance forward, simply refill your account before your expiration date. If balance expires, unused portion will be forfeited. Verizon Wireless will suspend your service when your account reaches \$0 or your account reaches the expiration date. Unlimited Mobile to Mobile, Night and Weekend Minutes are not available when your account has been suspended. Limit of 2 calling plan changes in a 30-day period.

Important Information:

All terms, conditions and obligations of the Verizon Wireless Prepaid Customer Agreement and Calling Plan, which cover all the details of your prepaid service, shall govern the terms of your service. Please read and understand this material before activating or using your phone. Verizon Wireless calling plans, rate areas, agreement provisions, business practices, procedures and policies are subject to change as specified in the Verizon Wireless Prepaid Customer Agreement. Our liability is significantly limited. Customers must replenish their account by providing Verizon Wireless with another payment. Any balance remaining at expiration will be removed from the account. Your wireless number is subject to termination after the expiration period, at which time up to a \$35 account activation fee may apply to re-establish service. Existing Verizon Wireless prepaid customers will forfeit any unused bonus minutes in their account when changing to a prepaid Calling Plan.

You will forfeit the money in your account if you activated service without a Refill Card and did not make a call within 60 days. You must initialize the account. If activating the account with a Refill Card, the card is not valid unless initialized (using the PIN) by the date marked on the back of the card.

Toll and airtime free numbers are **911**, **#PAY (#729)** and ***611**. If a charge depends on an amount of time used, we'll round up any fraction of a minute to the next full minute. Time starts when you first press **SEND** or the call connects to a network on outgoing calls and when the call connects to a network (which may be before it rings) on incoming calls. Time may end several seconds after you press **END** or the call otherwise disconnects. For calls that are made on our network, we only bill for calls that connect (which includes calls answered by machines). Charge per call for 411 Search may vary when not in the Verizon Wireless Prepaid Rate and Coverage Area.

Service availability dependent on phone model. Prepaid pricing not available with analog-only phones. Some Verizon Wireless services and features require a CDMA tri-mode or All-Digital phone with Verizon Wireless software. Included features and services may not be available when outside the Prepaid Rate and Coverage Area. V CAST (Video & Mobile TV), New Every Two®, Extended Warranty, Wireless Phone Protection, Total Equipment Coverage, Roadside Assistance, Detailed Billing and Enhanced Voice Mail are not available on the Verizon Wireless Prepaid Calling plans. Please see the Verizon Wireless Prepaid brochures for full details of the prepaid service.

Verizon Wireless Mobile to Mobile Calling

If Caller ID is not present or Caller ID Block is initiated, Mobile to Mobile does not apply to incoming calls and will apply to outgoing calls only. Mobile to Mobile is not available to customers whose wireless exchange restricts the delivery of Caller ID or with fixed wireless devices with usage substantially from a single cell site. Mobile to Mobile does not apply if call forwarding or no answer/busy transfer features are activated or to data usage, calls to check your voice mail and calls to Verizon Wireless customers using Airfone Service or any of the VZGlobal services.

Get It Now

Use of Get It Now is subject to the Get It Now License and User Agreements. An approved Verizon Wireless Prepaid Get It Now-capable phone and a connection in the Prepaid All-Digital Rate and Coverage Area is required. Not all applications available with Verizon Wireless Prepaid Calling Plans. Additional fees apply. See www.verizonwireless.com/getitnow for more information. For Mobile Web, the services are charged at 99¢ per day only on the days it is used. You will have unlimited use of the services for a 24-hour period. Coverage limitations in maps at www.verizonwireless.com/coveragelocator

Refunds

REFUNDS WILL BE GRANTED WITHIN 30 DAYS OF THE ORIGINAL DATE OF PURCHASE WITH THE ORIGINAL SALES RECEIPT. AT THE TIME OF THE RETURN, THE CUSTOMER WILL RECEIVE A FULL REFUND FOR THE AMOUNT OF THE EQUIPMENT ONLY.

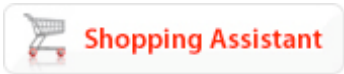
Connecticut Customers: If you have any questions about your bill or concerns about your service, please call Customer Care at: 1-888-294-6804 or dial *611 from your wireless phone. If you are a Connecticut customer and we cannot resolve your issue, you have the option of contacting the Department of Public Utility Control (DPUC): Online: www.state.ct.us/dpuc Phone: 866-381-2355; Mail: Connecticut DPUC, 10 Franklin Square, New Britain, CT 06051.

Last Update 2/16/09



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PDA/Smartphone Nationwide Email

A bundled package with voice and wireless data for quick and easy remote access to email and attachments. Introducing Friends & Family®. Unlimited calling to and from any 5 numbers on any network in America. [Learn More](#)

- Data usage from within the National Enhanced Services and the Extended National Enhanced Services Rate and Coverage Areas
- Data Access for Email
- Unlimited Calling to all Verizon Wireless Customers
- Unlimited Night & Weekend Minutes
- No Domestic Long Distance Charges

[View All Included Features](#)

[Compare All Individual Plans](#)

Monthly Anytime Minutes		Monthly Access	Per-Minute Rate After Allowance
☐ 450 Minutes		\$79.99	\$0.45
☐ 900 Minutes	with unlimited calling to and from 5 Friends & Family numbers	\$99.99	\$0.40
☐ 1350 Minutes	with unlimited calling to and from 5 Friends & Family numbers	\$109.99	\$0.35
☒ Unlimited Minutes		\$129.99	\$0.00

Calling Plan Information

Important Calling Plan Information

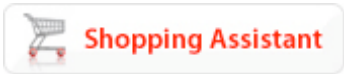
Anytime Minutes, Mobile to Mobile, Night & Weekend Minutes and Per-Minute Rate are for use from within the Nationwide Rate and Coverage Area. Data usage is for use within the National Enhanced Services Rate and Coverage Area.

- Unlimited Domestic Long Distance. (Airtime applies.)



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PDA/Smartphone Nationwide Email & Messaging
A bundled package with voice and wireless data for quick and easy remote access to email and attachments. Plus Unlimited Messaging with anyone in the U.S. on any network. Introducing Friends & Family®. Unlimited calling to and from any 5 numbers on any network in America.
[Learn More](#)

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- Unlimited Night & Weekend Minutes
- No Domestic Long Distance Charges

[View All Included Features](#)

[Compare All Individual Plans](#)

Monthly Anytime Minutes		Monthly Access	Per-Minute Rate After Allowance
☐ <u>450</u> Minutes		\$99.99	\$0.45
☐ <u>900</u> Minutes	with unlimited calling to and from 5 Friends & Family numbers	\$119.99	\$0.40
☐ <u>1350</u> Minutes	with unlimited calling to and from 5 Friends & Family numbers	\$129.99	\$0.35
☒ <u>Unlimited</u> Minutes		\$149.99	\$0.00

Calling Plan Information

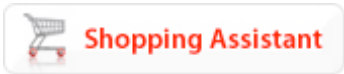
Important Calling Plan Information

Anytime Minutes, Mobile to Mobile, Night & Weekend Minutes and Per-Minute Rate are for use from within the Nationwide Rate and Coverage Area. Data usage is for use within the National Enhanced Services Rate and Coverage Area.



[Residential](#)
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Select a Plan



[PDA & Smartphone Email](#)

PDA/Smartphone

- Securely send and receive emails, plus get real-time calendar, contact and task updates from your Smartphone.
- Unlimited Data Usage within NationalAccess or BroadbandAccess service area

[View All Included Features](#)

Monthly Allowance	Monthly Access	Per-Minute Rate
<u>Unlimited Data Usage</u>	\$49.99	\$0.25

Data usage is within NationalAccess or BroadbandAccess Service Area. Voice usage in the Nationwide Rate and Coverage Area is \$0.25 per minute.

Calling Plan Information

Additional Calling Plan Information:

International Long Distance

Rates vary by market. See [www.verizonwireless.com/international](#) for availability and rates.

411 Connect®

\$1.49 per call plus airtime

Required Equipment

Verizon Wireless BlackBerry Handheld

Required Contract Terms, Activation Fees and Early Termination Fee

- Month-to-month, one- or two-year minimum term required per line — \$35 activation fee per line, except FamilyShare additional lines, \$25 for 2-year agreements.
- Activation fees may vary or be waived for business customers that have a Major Account Agreement with Verizon Wireless.
- Early Termination Fee — \$175 per line for one- or two-year minimum terms.

Friends & Family®

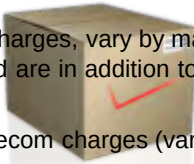
Taxes, Surcharges and Fees

- Tolls, taxes, surcharges and other fees, such as E911 and gross receipt charges, vary by market and as of April 1, 2009, add between 5% and 37% to your monthly bill and are in addition to your monthly access fees and airtime charges.
- Monthly Federal Universal Service Fund Charge (includes international telecom charges (varies quarterly based on FCC rate) is 12.9% per line.
- Unlimited calling to the numbers you call most.

PlanBuilder™

Build Charge FamilyShare®

Free Activation & Free Overnight Shipping

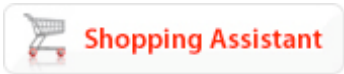


Save the activation fee when



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[Business](#)
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Select a Plan



[Email](#) | [Email & Messaging](#)

BlackBerry® Nationwide Email

A bundled package with voice and wireless data for quick and easy remote access to email over your BlackBerry handheld. Introducing Friends & Family®. Unlimited calling to and from any 5 numbers on any network in America. [Learn More](#)

- Data usage from within the National Enhanced Services and the Extended National Enhanced Services Rate and Coverage Areas
- Data Access for Email
- Unlimited Calling to all Verizon Wireless Customers
- Unlimited Night & Weekend Minutes
- No Domestic Long Distance Charges

[View All Included Features](#)

[Compare All Individual Plans](#)

Monthly Anytime Minutes		Monthly Access	Per-Minute Rate After Allowance
☐ <u>450</u> Minutes		\$79.99	\$0.45
☐ <u>900</u> Minutes	with unlimited calling to and from 5 Friends & Family numbers	\$99.99	\$0.40
☐ <u>1350</u> Minutes	with unlimited calling to and from 5 Friends & Family numbers	\$109.99	\$0.35
☒ <u>Unlimited</u> Minutes		\$129.99	\$0.00

Calling Plan Information

Important Calling Plan Information

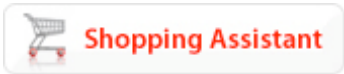
Anytime Minutes, Mobile to Mobile, Night & Weekend Minutes and Per-Minute Rate are for use from within the Nationwide Rate and Coverage Area. Data usage is for use within the National Enhanced Services Rate and Coverage Area.

- Unlimited Domestic Long Distance. (Airtime applies.)



[Residential](#)
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Select a Plan



[Email](#) | [Email & Messaging](#)

BlackBerry® Nationwide Email & Messaging

A bundled package with voice and wireless data for quick and easy remote access to email over your BlackBerry handheld. Plus Unlimited Messaging with anyone in the U.S. on any network. Introducing Friends & Family®. Unlimited calling to and from any 5 numbers on any network in America. [Learn More](#)

- Unlimited Text, Picture, Video & Instant Messaging
- Data usage from within the National Enhanced Services and the Extended National Enhanced Services Rate and Coverage Areas
- Data Access for Email
- Unlimited Calling to all Verizon Wireless Customers
- Unlimited Night & Weekend Minutes
- No Domestic Long Distance Charges

[View All Included Features](#)

[Compare All Individual Plans](#)

Monthly Anytime Minutes		Monthly Access	Per-Minute Rate After Allowance
☐ <u>450</u> Minutes		\$99.99	\$0.45
☐ <u>900</u> Minutes	with unlimited calling to and from 5 Friends & Family numbers	\$119.99	\$0.40
☐ <u>1350</u> Minutes	with unlimited calling to and from 5 Friends & Family numbers	\$129.99	\$0.35
☒ <u>Unlimited</u> Minutes		\$149.99	\$0.00

Calling Plan Information

Important Calling Plan Information

Anytime Minutes, Mobile to Mobile, Night & Weekend Minutes and Per-Minute Rate are for use from within the Nationwide Rate and Coverage Area. Data usage is for use within the National Enhanced Services Rate and Coverage Area.



[Residential](#)
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[Wireless](#)

Select a Plan



Shopping Assistant

[BlackBerry Email](#)

BlackBerry® Solution

- Quick and easy access to email, contacts, calendar and task list while on the go. BlackBerry device required.
- Unlimited Data Usage within NationalAccess or BroadbandAccess service area

[View All Included Features](#)

Monthly Allowance

Monthly Access

Per-Minute Rate



Unlimited Data Usage

\$49.99

\$0.25

Data usage is within NationalAccess or BroadbandAccess Service Area. Voice usage in the Nationwide Rate and Coverage Area is \$0.25 per minute.

Calling Plan Information

Additional Calling Plan Information:

International Long Distance

Rates vary by market. See www.verizonwireless.com/international for availability and rates.

411 Connect®

\$1.49 per call plus airtime

Required Equipment

Verizon Wireless BlackBerry Handheld

Required Contract Terms, Activation Fees and Early Termination Fee

- Month-to-month, one- or two-year minimum term required per line — \$35 activation fee per line, except FamilyShare additional lines, \$25 for 2-year agreements.
- Activation fees may vary or be waived for business customers that have a Major Account Agreement with Verizon Wireless.
- Early Termination Fee — \$175 per line for one- or two-year minimum terms.

Friends & Family®

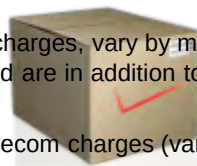
Taxes, Surcharges and Fees

- Tolls, taxes, surcharges and other fees, such as E911 and gross receipt charges, vary by market and as of April 1, 2009, add between 5% and 37% to your monthly bill and are in addition to your monthly access fees and airtime charges.
- Monthly Federal Universal Service Fund Charge (includes international telecom charges (varies quarterly based on FCC rate) is 12.9% per line.
- The Verizon Wireless monthly regulatory charges 7¢ per line.

PlanBuilder SM

Build Charge Family Share Plan

Free Activation & Free Overnight Shipping

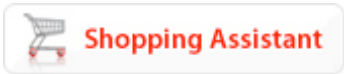


Save the activation fee when



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[Email](#) | [Email & Messaging](#)

BlackBerry® Nationwide Email & Messaging

A bundled package with voice and wireless data for quick and easy remote access to email over your BlackBerry handheld. Plus Unlimited Messaging with anyone in the U.S. on any network. Introducing Friends & Family®. Unlimited calling to and from any 5 numbers on any network in America. [Learn More](#)

- Unlimited Text, Picture, Video & Instant Messaging
- Data usage from within the National Enhanced Services and the Extended National Enhanced Services Rate and Coverage Areas
- Data Access for Email
- Unlimited Calling to all Verizon Wireless Customers
- Unlimited Night & Weekend Minutes
- No Domestic Long Distance Charges

[View All Included Features](#)

[Compare All Individual Plans](#)

Monthly Anytime Minutes		Monthly Access	Per-Minute Rate After Allowance
☐ <u>450</u> Minutes		\$99.99	\$0.45
☐ <u>900</u> Minutes	with unlimited calling to and from 5 Friends & Family numbers	\$119.99	\$0.40
☐ <u>1350</u> Minutes	with unlimited calling to and from 5 Friends & Family numbers	\$129.99	\$0.35
☒ <u>Unlimited</u> Minutes		\$149.99	\$0.00

Calling Plan Information

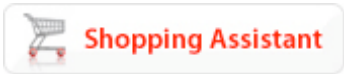
Important Calling Plan Information

Anytime Minutes, Mobile to Mobile, Night & Weekend Minutes and Per-Minute Rate are for use from within the Nationwide Rate and Coverage Area. Data usage is for use within the National Enhanced Services Rate and Coverage Area.



[Residential](#)
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Select a Plan



[Email](#) | [Email & Messaging](#)

BlackBerry® Nationwide Email

A bundled package with voice and wireless data for quick and easy remote access to email over your BlackBerry handheld. Introducing Friends & Family®. Unlimited calling to and from any 5 numbers on any network in America. [Learn More](#)

- Data usage from within the National Enhanced Services and the Extended National Enhanced Services Rate and Coverage Areas
- Data Access for Email
- Unlimited Calling to all Verizon Wireless Customers
- Unlimited Night & Weekend Minutes
- No Domestic Long Distance Charges

[View All Included Features](#)

[Compare All Individual Plans](#)

Monthly Anytime Minutes		Monthly Access	Per-Minute Rate After Allowance
☐ <u>450</u> Minutes		\$79.99	\$0.45
☐ <u>900</u> Minutes	with unlimited calling to and from 5 Friends & Family numbers	\$99.99	\$0.40
☐ <u>1350</u> Minutes	with unlimited calling to and from 5 Friends & Family numbers	\$109.99	\$0.35
☒ <u>Unlimited</u> Minutes		\$129.99	\$0.00

Calling Plan Information

Important Calling Plan Information

Anytime Minutes, Mobile to Mobile, Night & Weekend Minutes and Per-Minute Rate are for use from within the Nationwide Rate and Coverage Area. Data usage is for use within the National Enhanced Services Rate and Coverage Area.

- Unlimited Domestic Long Distance. (Airtime applies.)



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Select a Plan



Shopping Assistant

[High Speed Access](#)

Mobile Broadband

Stay productive, responsive and connected while on the go, right from your laptop at average download speeds of 600 Kbps – 1.4 Mbps and at average upload speeds of 500 Kbps – 800 Kbps.*

Enjoy access for Internet browsing, email and intranet access.

Mobile Broadband Data Usage:

[Choose the Mobile Broadband Plan That Works Best For You](#)

[View All Included Features](#)

Monthly Allowance	Monthly Access	Per MB Rate After Allowance
☐ <u>250 MB</u>	\$39.99	\$0.10
☒ <u>5GB (5,120 MB)</u>	\$59.99	\$0.05

*Mobile Broadband speed claim based on our network tests with 5 MB FTP data files without compression. Actual speeds and coverage may vary. Other data services (Quick 2 NetSM dial-up connections) at \$0.25 per minute.

Calling Plan Information

Additional Plan Information:

Required Equipment

National Access or Mobile Broadband-capable device

Required Minimum Term, Activation Fees, and Early Termination Fee

- Month-to-month, one- or two-year minimum term required per line.
- Activation Fee: \$35 per line.
- Activation fees may vary or be waived for business customers that have a Major Account Agreement with Verizon Wireless.
- Early Termination: Up to \$175 fee per line for one- or two-year minimum terms.
- In the Canadian Broadband and Canadian Enhanced Services Rate and Coverage Areas, usage will be charged at a rate of \$0.002 per KB or \$2.05 per MB.
- In the Mexican Enhanced Services Rate and Coverage Area, usage will be charged at a rate of \$0.005 per KB or \$5.12 per MB.

Friends & Family[®] • In the Bermuda, China, Dominican Republic, India and Israel Enhanced Services Rate and **Free Activation & Free**

[Cell Phones & Devices](#) | [Cell Phone Plans](#) | [Prepaid GoPhone](#) | [Features](#) | [Ringtones & More](#) | [Accessories](#) | [Packages & Deals](#)**Individual Plans**[Family Plans](#)[Prepaid Plans](#)[Pick Your Plan](#)[Pay As You Go](#)[Data Plans](#)[BlackBerry Plans](#)[PDA/Smartphone Plans](#)[Laptop Connect Plans](#)**Individual Cell Phone Plans**

AT&T, the nation's fastest 3G Network, offers a variety of individual cell phone plans where you'll enjoy:

- **Unlimited** calling to other AT&T wireless customers with **Mobile to Mobile**
- **No roaming or long distance charges**
- **Saving unused minutes with Rollover®**
- **Unlimited calling on Nights and Weekends**

To order by phone, call 1-888-333-6651 (special online pricing and some devices may not be available)

On the road again? [Check out our national coverage](#) in areas you plan to visit.

[View national map](#)**Nation Plans**

Minutes	Monthly Cost	Rollover®	Unlimited Nights/Weekends*	Unlimited Mobile to Mobile	Additional Details
450	\$39.99	✓	Includes 5000	✓	View Details
900	\$59.99	✓	✓	✓	View Details
1350	\$79.99	✓	✓	✓	View Details
Unlimited	\$99.99		✓	✓	View Details

Senior Plan - Available to customers 65 and older.

Minutes	Monthly Cost	Rollover®	Unlimited Nights/Weekends*	Unlimited Mobile to Mobile	Additional Details
200	\$29.99		Includes 500	✓	View Details Must be 65 or older Verified at checkout

*Night and Weekend minutes will be used before Mobile to Mobile minutes. Unlimited weekday minutes from 9pm to 6am and unlimited minutes on weekends.

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FamilyTalk Cell Phone Plans

FamilyTalk plans offer a range of cell phone plan options that let you share minutes and save. Use your minutes between two lines or add additional lines for one low price and enjoy:

- Unlimited calling on **Nights and Weekends** for all lines
- Unlimited calling to other AT&T wireless customers with **Mobile to Mobile**
- No roaming or long distance charges
- Saving unused minutes with **Rollover®**

To order by phone, call 1-888-333-6651 (special online pricing and some devices may not be available)

On the road again? [Check out our national coverage](#) in areas you plan to visit.

[View national map](#)

Nation Plans

Shared Minutes	Monthly Cost (First 2 lines)	Cost per Addl. Line	Rollover®	Unlimited Nights/Weekends*	Unlimited Mobile to Mobile	Additional Details
550 (Max 3 lines)	\$59.99	9.99	✓	✓	✓	View Details
700 (Max 5 lines)	\$69.99	9.99	✓	✓	✓	View Details
1400 (Max 5 lines)	\$89.99	9.99	✓	✓	✓	View Details
2100 (Max 5 lines)	\$109.99	9.99	✓	✓	✓	View Details
3000 (Max 5 lines)	\$149.99	9.99	✓	✓	✓	View Details
4000 (Max 5 lines)	\$199.99	9.99	✓	✓	✓	View Details
Unlimited (Max 5 lines)	\$199.99	99.99		✓	✓	View Details

*Night and Weekend minutes will be used before Mobile to Mobile minutes. Unlimited weekday minutes from 9pm to 6am and unlimited minutes on weekends.

[Other Monthly Charges](#) | [Plan Terms](#) | [Online Pricing](#) | [Return Policy](#)
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Prepaid Cell Phone Plans

No Annual Contract - No Credit Check - No Deposit - No Surprise Bills

The benefits of wireless – without the commitment

Pay As You Go
Prepay whenever you want

« choose between »

Pick Your Plan
Prepay once a month



[Add Pay As You Go Plan](#)

Key Benefits:

- \$15 airtime included on [select phones](#)
- Unlimited calling to anyone nationwide on a select plan
 - Pay only on days used
- Prepaid without compromise – on the network you can trust
- Unlimited Text Messaging option available
- Unlimited Night & Weekend Minutes option available
- Your choice of three rate plans options
- [Pay As You Go Rewards Program](#) – get a bonus for every \$100 you spend refilling your account

Both Options Feature:

- | | | |
|---|--|---|
| ✓ | Unlimited Talk to AT&T's wireless customers (on most plans) | ✓ |
| ✓ | Rollover® Balance™ allows you to carry balance over month to month | ✓ |
| ✓ | No domestic roaming or long distance fees | ✓ |
| ✓ | Easily manage your account online | ✓ |
| ✓ | Cancel anytime | ✓ |



[Add Pick Your Plan](#)

Key Benefits:

- Choose one of four rate plans that best meets your needs
- Night & Weekend Minutes included in most plans
- AutoPay for your rate plan once a month
- Pay with your credit card, debit card or checking account

*Daily access fee of \$1.00 for the Pay As You Go Unlimited Talk plan is assessed each day you use your phone for a voice call and is debited from your account balance the day after you use your phone.

**Not available on the 25¢/min Pay As You Go plan.

*** No roaming or long distance fees across our national service area.

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GoPhone® Pay As You Go

All the benefits of wireless, without the surprises. This prepaid cell phone plan allows you to simply pay in advance for what you need. No long-term contracts, credit checks or deposits.

Highlights

- \$15 airtime included on [select phones](#)
- New! Unlimited calling to anyone nationwide on a select plan
 - Pay only on days used
- Prepaid without compromise on the network you can trust
- No annual contract. No credit check.
- Refill balance 24/7 with prepaid cards, online, or dial 611
- Track your usage – you'll receive a text message with your updated balance after each call

AT&T Advantages

- Rollover® Balance™ lets you carry over your unused account balance when you refill before your balance expires, up to the account maximum.
- No long distance or roaming fees across our national service area.
- UNLIMITED Text Messaging and Nights & Weekends with Data options on select plans. View [Pay As You Go feature package details](#).

Reward Yourself. Pay As You Go Rewards gives you a bonus for every \$100 you spend refilling your account. [View Pay As You Go Rewards](#).

Name of Plan	Anytime Minutes	Daily Access Fee*	Mobile to Mobile Minutes	Nationwide Long Distance	Rollover® Balance	Additional Features
Unlimited Calling Plan	\$.00 per minute	\$3.00 per day, ONLY on days you use your phone	Unlimited	Included	Included	View Details
Mobile to Mobile Plan	\$.10 per minute	\$1.00 per day, ONLY on days you use your phone	Unlimited	Included	Included	View Details
Simple Rate Plan	\$.25 per minute	N/A		Included	Included	View Details

Plan Terms

In certain areas, [taxes or fees relating to E911](#) are debited from your account balance monthly.

*Daily Access Fee:

Daily access fee is assessed each day you use your phone for a voice call and is normally debited from your account balance on the first call of the day.

Add Funds to Your Account

For your convenience 24/7, you can add funds to your account in a variety of ways:

- Buy prepaid refill cards at [AT&T wireless stores](#)
- Go to [att.com/mygophone](#)
- Call 611 from your wireless phone
- Purchase Pay As You Go refill cards at any one of more than 200,000 authorized retail locations

888 Star Refill

Now there's a new and easier way for you to add airtime to your prepaid account:

1. Buy prepaid refill cards at [AT&T wireless stores](#)
2. Locate the PIN number associated with the prepaid card. In many cases, the PIN will be on the back of your card or printed on your receipt.
3. With most refill cards, add PIN value by using prepaid phone keypad: enter *888* followed by PIN number, then the # key (*888*PIN NUMBER#) and press SEND. Or refer to the instructions on back of the card or printed on PIN receipt.
4. Once you have entered your prepaid card number you will be informed of your new balance and expiration date.

Pay As You Go cards are available in these amounts:

Card Denomination Expiration Period

To order by phone, call 1-888-4GOPHONE (special online pricing may not be available)

[View national map](#)

\$15	30 days
\$25	90 days
\$50	90 days
\$75	90 days
\$100	365 days

One-year expiration period on \$100 refill cards!

Included Features

Basic Voice Mail*	Caller ID
Call Forwarding*	Three-Way Calling*
Call Waiting*	Nationwide Long Distance
International Calling^	

Check the [International Long Distance Rates table](#) for your travel destination.

Enhanced Features

Save on Night & Weekend minutes, Messaging & Data with new Feature Packages!! [Click here for details.](#)

Text and Instant Messaging**

When you can't talk, exchanging text messages is a quick and simple way to communicate. Just type your message with your wireless device keypad and send. Plus, enjoy instant messaging with the most popular IM communities. \$0.20 per message sent/received.

International Text Messaging**

Send international text messages from the US to friends, family, co-workers around the world. \$0.25 per message sent/\$0.20 per message received.

Ringtones, Games and Graphics**

Personalize your phone with personal ringtones, unique graphics and exciting games. Plus, check out the exciting new take on tones: Answer Tones! Replace the standard ring your friends hear when they call with a custom tone that'll be music to their ears.

[Learn more about AnswerTones](#)

Additional charges apply.

Data**

A whole world of information and entertainment is at your fingertips with a data package. Get weather, news and sports scores delivered right to your phone. Even better, you control what you receive when you personalize your home page by placing your favorite categories and headlines right up front. Surfing the Web from your phone has never been easier.

\$0.01 per KB.

Multimedia Messaging**

Instantly and easily share photos and videos-complete with a personalized voice or text message-right from your wireless phone.

Pay per message-\$0.25 per message

Data Service Terms

Roaming in Mexico

Now you can use your GoPhone service when you travel to Mexico!

No additional feature is required to roam in Mexico - all GoPhone customers are automatically enrolled & eligible.

Roaming charges in Mexico are as follows:

- Standard airtime rate - \$0.99 per minute
- Text Messaging - \$0.50 per message sent/\$0.20 per message received
- Instant Messaging - \$0.50 per message sent/received
- Data - \$0.0195 per KB
- Picture Messaging - \$1.30 per message sent/\$0.25 per message received

To reach customer service when roaming in Mexico dial 611 or + 1 (408) 962-1025.

[View roaming coverage in Mexico](#)

[Learn more about roaming in Mexico](#)

*Airtime charges apply for features usage.

** Compatible phone required.

^Airtime and international long distance rates apply.

For assistance placing your order by phone, call 1-888-4GoPhone® (1-888-446-7466). Special online pricing may not be available.

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GoPhone® Pick Your Plan

All the benefits of wireless, without the surprises. This prepaid cell phone plan allows you to simply pay in advance for what you need. No long-term contracts, credit checks or deposits.

Highlights

- AutoPay for your rate plan once a month
- Pay with your credit card, debit card or checking account
- Track your usage—You will receive a text message with your updated balance after each call.

AT&T Advantages

- Rollover® Balance™ lets you carry over your unused account balance when you refill before your balance expires, up to the account maximum.
- No domestic long distance or roaming fees across our national service area.
- Unlimited Text Messaging option. Messaging and Data value packages available
- Unlimited Talk (on most plans).

Name of Plan	Monthly Cost	Anytime Minutes(up to)*	Cost Per Minute	Night and Weekend Minutes**	Mobile to Mobile Minutes	Nationwide Long Distance	Rollover® Balance	Additional Features
Pick Your Plan \$29.99	\$29.99	200	\$.15	0		Included	Included	View Details
Pick Your Plan \$39.99	\$39.99	300	\$.133	500	Unlimited	Included	Included	View Details
Pick Your Plan \$49.99	\$49.99	400	\$.125	3000	Unlimited	Included	Included	View Details
Pick Your Plan \$69.99 with Unlimited Talk	\$69.99	650	\$.108	Unlimited	Unlimited	Included	Included	View Details

Plan Terms

In certain areas, [taxes or fees relating to E911](#) are debited from your account balance monthly and will affect the number of minutes available.

*Number of minutes is based on entire account balance being used for voice calls. Use of balance for data, text messaging, directory assistance, ringtones or other items will affect the number of minutes available. In certain areas, taxes or fees relating to E911 are debited from your account balance monthly and will affect the number of minutes available.

**Night and weekend minutes will be used before Mobile to Mobile minutes.

How it Works

Pick the rate plan that fits you best, then set up monthly, automatic payments with your credit card, debit card or checking account. Funds are deducted from your balance each time you make or receive a call or use features such as Text Messaging. If you need to make more calls or use up your balance during the month, just add additional funds to your account at any time—you'll pay the same per minute rate as your plan.

Adding Minutes to Your Account

- You'll receive a voice message indicating you have a low balance when you place a call with less than \$5 in your account.
- When your account reaches \$0, you can add funds or stop using the service until your next scheduled payment.
- If your balance gets low before your next monthly payment, you can add funds in increments of \$15 and \$25 24/7 using your credit/debit card or checking account.
- Online: Visit <http://www.att.com/mygophone>
- By phone: Call 611 from your wireless phone or 1-866-499-7888 from a landline phone

Included Features

Basic Voice Mail*	Caller ID
Call Forwarding*	Three-Way Calling*
Call Waiting*	Nationwide Long Distance
International Calling^	

Enhanced Features

MESSAGING OPTIONS

Text Messaging**

When you can't talk, exchanging text messages is a quick and simple way to communicate. Just type your message with your wireless device keypad and send.

Pay per message -- \$.20 per message sent/received.

Instant Messaging**

Enjoy instant messaging with the most popular IM communities.

Pay per use -- \$.20 per message sent/received.

Picture Messaging**

To order by phone, call 1-888-4GOPHONE (special online pricing may not be available)

[View national map](#)

Instantly and easily share photos and videos-complete with a personalized voice or text message-right from your wireless phone.
Pay per message -- \$0.25 per message sent/received.

Messaging Packages**

Save on text, instant and picture messages with a messaging package.
Messaging Starter -- 200 messages for \$4.99 per month.
Messaging Standard -- 1000 messages for \$9.99 per month.
Unlimited Messaging -- Unlimited messages for \$19.99 per month.
[See All Messaging Packages](#)

International Text Messaging**

Send international text messages from the US to friends, family, co-workers around the world.
Pay per use -- \$0.25 per message sent, \$0.20 per message received.

Data for GoPhone Pick Your Plan**

A whole world of information and entertainment is at your fingertips with Data for GoPhone Pick Your Plan. Get weather, news and sports scores delivered right to your phone. Even better, you control what you receive when you personalize your home page by placing your favorite categories and headlines right up front. Surfing the Web from your phone has never been easier.
Pay per use -- \$0.01 per KB
1 MB Value Package \$4.99 per month
100 MB Value Package \$19.99 per month

Ringtones, Answer Tones™, Games, and Graphics**

Personalize your phone with personal ringtones, unique graphics, and exciting games. Plus, check out the exciting new take on tones: Answer Tones! Replace the standard ring your friends hear when they call with a custom tone that'll be music to their ears.
[Learn more about Ringtones and Downloads](#)
Pay per use -- Additional charges apply.

Picture Messaging**

Instantly and easily share photos and videos-complete with a personalized voice or text message-right from your wireless phone.
Pay per message -- \$0.25 per message

International Long Distance*

Keep in touch with friends, family, and associates who are outside of the U.S.
All Pick Your Plan customers can make international calls at standard international calling rates or choose the AT&T WorldConnect® Package for discounted rates - Great for customers who make frequent international calls!
AT&T WorldConnect® Package: \$3.99 per month
[View International Long Distance Rates](#)

Roaming in Mexico

Now you can use your GoPhone service when you travel to Mexico!

No additional feature is required to roam in Mexico - all GoPhone customers are automatically enrolled & eligible.

Roaming charges in Mexico are as follows:

- Standard airtime rate - \$0.99 per minute
- Text Messaging - \$0.50 per message sent/\$0.20 per message received
- Instant Messaging - \$0.50 per message sent/received
- Data - \$0.0195 per KB
- Picture Messaging - \$1.30 per message sent/\$0.25 per message received

To reach customer service when roaming in Mexico dial 611 or + 1 (408) 962-1025.

[View roaming coverage in Mexico](#)

[Learn more about roaming in Mexico](#)

*Airtime charges apply for features usage.

**Compatible phone required.

^Airtime and international long distance rates apply.

For assistance placing your order by phone, call 1-888-4GoPhone® (1-888-446-7466). Special online pricing may not be available.

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Data Plans

More ways to stay connected

Sometimes you need to do more than talk. AT&T's Data plans keep you connected to your world in the ways you need most – text, email, IM, video messaging and more!

To order by phone, call 1-888-333-6651 (special online pricing and some devices may not be available)

Data coverage in your area

AT&T has the fastest 3G network in America. Enter your ZIP Code to check your coverage area.

ZIP Code
[View national map](#)

View Data plans

BlackBerry® Devices

Send, receive, forward and reply to messages from up to 10 email accounts while on the go!

[View Map and Coverage Limitations.](#)



Data and Voice

Need both data and voice? Start by choosing a [voice plan](#) or [device](#) before selecting a data feature.

Data Only

[View BlackBerry Data plans](#)

PDA & Smartphones

Access and manage your personal e-mail anytime on your PDA wireless handheld from up to 3 accounts.

[View Map and Coverage Limitations.](#)



Data and Voice

Need both data and voice? Start by choosing a [voice plan](#) or [device](#) before selecting a data feature.

Data Only

[View PDA & Smartphone Data plans](#)

Laptop Cards

Send & receive email, browse the Internet, and access your corporate intranet while on the go with DataConnect.

[View Map and Coverage Limitations.](#)



Data Only

[View DataConnect Data plans](#)

We also have Messaging and Media products for other services.

Add data features for other cell phones and devices. Please note: You must have a [voice plan](#) before you can add data features.



- [Messaging Unlimited](#)
- [Data Unlimited](#)
- [All Messaging and Media features](#)

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BlackBerry® Personal Plans - Data Only

The following data plans are for customers who want data only. You can save money if you intend to buy voice and data together. Start by choosing an individual or FamilyTalk plan, then [BlackBerry Personal Plans](#) for only \$30 or [BlackBerry Personal + tethering](#) for \$60.

Access and manage e-mail from up to 10 ISP accounts with a BlackBerry® Wireless handheld. Send, receive, forward and reply to messages while on the go! Service is not available at all times in all places. View Map and Coverage Limitations.

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BlackBerry Personal + tethering enables you to connect your wireless device to your laptop via Bluetooth or a connection cable. Certain usage restrictions may apply. See Explanation of Rates and Charges for details.

Plan Name	Monthly Cost	Included Data	Additional data	International Data	Additional Features
BlackBerry® Personal	\$35.00*	Unlimited	0/KB	0.0195/KB	View Details
*Data Add-on is only \$30.00 if you buy it with an individual or FamilyTalk voice plan.					
BlackBerry® Personal + tethering	\$65.00**	5 GB	0.00048/KB	0.0195/KB	View Details
**Data Add-on is only \$60.00 if you buy it with an individual or FamilyTalk voice plan.					

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PDAs and Smartphones - Data Only

The following data plans are for customers who want data only. You can save money if you intend to buy voice and data together. Start by choosing an individual or FamilyTalk plan, then add [PDA Personal](#) for only \$30 or [PDA Personal + tethering](#) for \$60.

Access and manage your personal email from up to 3 accounts with a PDA wireless device. Send, receive, forward, and reply to messages while on the go.

PDA + tethering enables you to connect your wireless device to your laptop via Bluetooth or a connection cable. Certain usage restrictions may apply. See [Explanation of Rates and Charges](#) for details.

[View national map](#)DataConnect is not an unlimited plan. [Learn more about data usage](#)

Plan Name	Monthly Cost	Included Data	Additional data	International Data	Additional Features
PDA Personal	\$35.00*	Unlimited	0/KB	0.0195/KB	View Details
*Data Add-on is only \$30.00 if you buy it with an individual or FamilyTalk voice plan.					
PDA Personal + tethering	\$65.00**	5 GB	0.00048/KB	0.0195/KB	View Details
**Data Add-on is only \$60.00 if you buy it with an individual or FamilyTalk voice plan.					

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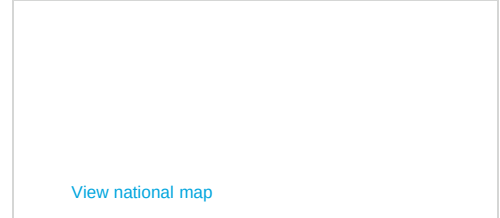
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DataConnect Plans

With DataConnect for your laptop - you can send and receive email, browse the Internet, and access your corporate intranet while on the go by connecting your laptop to the Internet over the AT&T wireless network. Service is not available at all times in all places. View Map and Coverage Limitations.

DataConnect is not an unlimited plan. [Learn more about data usage](#)



Plan Name	Monthly Cost	Included Data	Additional data	International Data	Additional Features
DataConnect 5 GB	\$60.00	5 GB	0.00048/KB	0.0195/KB	View Details

[Other Monthly Charges](#) | [Plan Terms](#) | [Online Pricing](#) | [Return Policy](#)
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