

FOR IMMEDIATE RELEASE
August 3, 2004

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Consumer Groups Call for State Scrutiny of Cingular/ATT Wireless Merger

The nation's largest consumer organizations in a letter sent today asked Attorneys General in 10 states to closely examine the proposed Cingular Wireless – ATT Wireless merger for its local anti-competitive character. The Consumer Federation of America and Consumers Union warned that the merger could adversely affect residential phone customers in at least 10 states.

The groups included a recently released white paper entitled *Remonopolizing Local Telephone Market: Is Wireless Next?* The paper concludes that the merger will harm consumers, is not in the public interest and should be blocked or dramatically restructured before it is approved. [The white paper can be found at: www.consumerfed.org/localwireless.pdf]

The letter was sent to the Attorneys General in the following states: California, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Missouri, Tennessee and Texas.

The text of the letter follows:

August 3, 2004

Dear Mr/Mde. Attorney General,

As the state's chief antitrust official, we are sure you are aware of the proposed merger between Cingular and AT&T Wireless. Because Cingular is a privately held joint venture of the dominant local telephone company in your state, it could deeply affect the competitiveness of local telecommunications markets in your state. Indeed, the collapse of local phone (wireline) competition, in the wake of Federal policy decisions, the anticompetitive impact on consumers of the Cingular-AT&T wireless merger could be greatly magnified.

We are writing to urge you to take a careful look at this merger as it specifically affects residential telephone service consumers in your state. Attached you will find a recently released white paper, entitled *Remonopolizing Local Telephone Market: Is Wireless Next?* The paper concludes that the merger will harm consumers, is not in the public interest and should be blocked or dramatically restructured before it is approved.

The paper also demonstrates that the merger is anticompetitive from every angle. It will create a dominant firm in the wireless market in your state, generally almost twice as large as its nearest competitor. It will control vastly more spectrum than the other wireless companies. Moreover, the dominant local incumbent phone company in your state will gain a position of market dominance in wireless too.

Competition within the wireless market as well as competition between wireless and wireline will be weakened. As consumer choice is reduced and these dominant companies use their control of the local network to disadvantage stand-alone wireless companies, prices will rise.

That wireless phone service is a local service is clear, not only because spectrum is a local input, but also because over 80 percent of all wireless calls are intrastate. States have the authority to examine mergers, particularly when their impact on local market is so clear.

We urge you to take a close look at this merger, to gather your own data, or seek to review the data compiled by the Federal Communications Commission or the U.S. Department of Justice.

We would be glad to discuss our concerns at your convenience.

Sincerely,



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