

United States District Court, Northern District of Illinois, Eastern Division

**NOTICE OF PENDENCY OF CLASS ACTION,
PROPOSED SETTLEMENT AND HEARING**

A court authorized this notice. This is not a solicitation from a lawyer.

- If you paid taxes, fees or surcharges (“Internet Taxes”) to AT&T Mobility LLC (“AT&T Mobility”) on internet access through certain services including iPhone data plans, Blackberry data plans, other smart phone data plans, laptop connect cards and pay-per-use data services on bills issued from November 1, 2005 up to and including September 7, 2010, you might be eligible to receive benefits from a class action settlement.
- The settlement resolves lawsuits concerning AT&T Mobility charging Internet Taxes for internet access through certain services.
- The two sides disagree about whether AT&T Mobility’s charging of Internet Taxes was proper, and if it was improper, how much the plaintiffs would have been entitled to. The parties have agreed to resolve these cases by a settlement.
- Your legal rights are affected. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

Remain in the Settlement Class	If you wish to receive benefits under the Settlement, you do not need to take any action at this time.
Exclude Yourself	Get no benefit. This is the only option that allows you to ever be part of any other lawsuit against AT&T Mobility about the legal claims in this case.
Object	Write to the Court about why you don’t like the settlement.
Go To A Hearing	Ask to speak in Court about the fairness of the settlement.

- The rights and options – **and the deadlines to exercise them** – are explained in this notice.
- The Court still has to decide whether to approve this settlement, which may take some time. Please be patient.

QUESTIONS?
VISIT WWW.ATTMSETTLEMENT.COM OR
CALL 1-877-905-8928

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BASIC INFORMATION

1. Why did I get this notice package?

You are receiving this notice because you have been identified as a potential member of a Settlement Class consisting of:

All persons or entities who are or were customers of AT&T Mobility and who were charged Internet Taxes on bills issued from November 1, 2005 through September 7, 2010.

Excluded from the class are (i) AT&T Mobility, any entity in which AT&T Mobility has a controlling interest or which has a controlling interest in AT&T Mobility, and AT&T Mobility's legal representatives, predecessors, successors and assigns; (ii) governmental entities; (iii) AT&T Mobility's officers, directors, agents and representatives; and (iv) the Court presiding over any motion to approve this Settlement Agreement.

As such, the Court sent you this Notice because you have a right to know about a proposed settlement of class action lawsuits, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves the settlement, and objections or appeals relating to that settlement are resolved, the benefits provided for by the settlement will be available to Settlement Class members.

This package explains the lawsuits, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the cases is the United States District Court for the Northern District of Illinois, Eastern Division, and the case is known as *In Re: AT&T Mobility Wireless Data Services Sales Tax Litigation*, Case No. 1:10-cv-02278. The persons who sued are called the Plaintiffs, and AT&T Mobility is the Defendant.

2. What are these lawsuits about?

Plaintiffs allege that AT&T Mobility charges customers for taxes, fees and surcharges on internet access through certain services including iPhone data plans, Blackberry data plans, other smart phone data plans, laptop connect cards and pay-per-use data services in violation of the Internet Tax Freedom Act, 47 U.S.C. § 151 (1998) (as amended) and other state laws. The Plaintiffs allege that AT&T Mobility is liable for damages to the Class. AT&T Mobility believes that the Plaintiffs' factual and legal allegations in the lawsuits are incorrect and specifically denies all liability to the Plaintiffs and the Settlement Class. In the lawsuits, AT&T Mobility has denied the Plaintiffs' allegations and raised a number of defenses to the claims asserted.

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This Notice does not imply that there has been any finding of any violation of the law by AT&T Mobility or that recovery could be had in a certain amount. Although the Court has authorized Notice to be given of the proposed settlement, this Notice does not express the opinion of the Court on the merits of the claims or defenses asserted by either side in the lawsuits.

3. Why are these class actions?

Class actions are lawsuits in which the claims and rights of many people are decided in a single court proceeding. Representative Plaintiffs (“Class Representatives”) are named in the lawsuit to assert the claims of the entire class. This avoids the necessity for a large number of people to file similar individual lawsuits and enables the court system to resolve similar claims in an efficient and economical way. Class actions provide a vehicle whereby people with similar claims are treated alike. In a class action, the court is guardian of class interests and supervises the prosecution of the class claims by Settlement Class Counsel to assure that the representation is adequate. Class members are not individually responsible for the costs or fees of counsel, which are subject to court award.

4. Why is there a settlement?

The Court did not decide in favor of the Class Representatives or AT&T Mobility. Settlement Class Counsel have investigated the facts and applicable law regarding the Class Representatives’ claims and AT&T Mobility’s defenses. The parties have engaged in lengthy and “arms-length” negotiations in reaching this settlement. The Class Representatives and Settlement Class Counsel believe that the proposed settlement is fair, reasonable and adequate and in the best interests of the class. Both sides agree that, by settling, AT&T Mobility is not admitting any liability or that it did anything wrong, but both sides want to avoid the uncertainties and high cost in time and money in litigation of this type.

Who Is In The Settlement

To see if you will get a benefit from this settlement, you first have to decide if you are a Class Member.

5. How do I know if I am part of the settlement?

You are a part of the settlement if you paid taxes, fees or surcharges to AT&T Mobility on internet access through certain services including iPhone data plans, Blackberry data plans, other smart phone data plans, laptop connect cards and pay-per-use data services on bills issued from November 1, 2005 up to and including September 7, 2010.

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Excluded from the class are (i) AT&T Mobility, any entity in which AT&T Mobility has a controlling interest or which has a controlling interest in AT&T Mobility, and AT&T Mobility's legal representatives, predecessors, successors and assigns; (ii) governmental entities; (iii) AT&T Mobility's officers, directors, agents and representatives; and (iv) the Court presiding over any motion to approve this Settlement Agreement.

6. I'm still not sure if I am included.

If you are still not sure whether you are included, you can ask for free help. You can visit www.attmsettlement.com for more information.

The Settlement Benefits – What You Get

7. What does the settlement provide?

If you determine that you are a member of the class, you may receive benefits under the Settlement. The Settlement provides:

Subject to a future law, regulation or ruling requiring, authorizing or permitting collection of the Internet Taxes in your jurisdiction, AT&T Mobility will cease charging the Internet Taxes on certain services as set forth in the Settlement Agreement. AT&T Mobility, on behalf of the Settlement Class, but at AT&T Mobility's expense, shall prepare and process refund claims for filing with the various taxing jurisdictions seeking a refund of the Internet Taxes collected by AT&T Mobility from the Settlement Class and paid by AT&T Mobility to the taxing jurisdictions. AT&T Mobility and/or the Class Representatives will file the refund claims. As part of the Settlement, AT&T Mobility has assigned its rights, title and interest in such refunds to the Settlement Class. If a taxing jurisdiction issues future tax credits to AT&T Mobility in lieu of a refund of monies sought on a refund claim for Internet Taxes, AT&T Mobility shall remit monies to the escrow accounts established pursuant to the Settlement. If the use of the future tax credit will be spread over a three (3) year period or less, AT&T Mobility shall remit monies to the escrow accounts equal to the total future tax credits. If the use of the future tax credit will be spread over a period longer than three (3) years, AT&T Mobility shall remit monies to the escrow accounts equal to the net present value of such future tax credits for the fourth and succeeding years using a 5% discount rate to compute the net present value. The amount of the first three (3) years shall be paid with no discount. Finally, AT&T Mobility has agreed to pay to the Settlement Class any vendor's compensation related to the Internet Taxes AT&T Mobility was allowed by certain taxing jurisdictions in the form of a credit against taxes owing to the taxing jurisdictions, which is generally considered to be compensation for the vendor's collecting and remitting taxes to the taxing jurisdiction. Vendor's compensation shall not include amounts to which AT&T would have been entitled independent of the collection of Internet Taxes based on limitations on the amount of credit allowed pursuant to applicable law. All refunds or

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payments by AT&T Mobility related to credits and payments of the vendor's compensation will fund separate escrow accounts for the benefit of the Settlement Class.

Payments to Settlement Class members will be made when all of the refunds/credits are made from each taxing jurisdiction in each state and after deduction of Court approved costs, expenses and attorneys' fees and Class Representative Compensation.

How You Receive Settlement Benefits

8. How can I get a benefit?

To qualify for benefits, you need do nothing at this time. If you wish to receive benefits under the Settlement, you do not need to take any action. Your interest as a member of the Settlement Class will be represented by the Class Representatives and Settlement Class Counsel. You will be bound by any judgment approving or disapproving the Settlement. If the Settlement is approved, the Settlement Administrator will send you any monies that you are entitled to under the Settlement.

If you change your address, you must mail a notification of your new address to the Settlement Administrator.

9. When would I get my benefit?

The Court will hold a hearing on March 10, 2011, to decide whether to approve the Settlement. If the Settlement is approved, there may be appeals. Payments to Settlement Class members will be made after the Settlement is finally approved and after all of the refunds/credits are made from each taxing jurisdiction in your state. This may take some time, so please be patient.

10. What am I giving up to get a benefit or stay in the class?

Upon the Court's approval of the settlement, the class members who do not exclude themselves, will release and forever discharge AT&T Mobility, all of their predecessors in interest, successors in interest and any of their parents, subsidiaries, divisions or affiliates, and their officers, directors, employees, trustees, principals, attorneys, agents, representatives, vendors, shareholders, partners, limited partners, as well as any person acting or purporting to act on their behalf or on behalf of those in privity with AT&T Mobility or AT&T Inc. and the Settlement Class Members from any and all claims, demands, debts, liabilities, actions, causes of action of every kind and nature, obligations, damages, losses, and costs, whether known or unknown, actual or potential, suspected or unsuspected, direct or indirect, contingent or fixed, that were or could have been asserted or sought in the Actions, relating in any way or arising out of (a) AT&T Mobility's charging of the Internet Taxes and any and all claims that were asserted or could have been asserted by the Settlement Class in the Actions with respect to AT&T

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Mobility's charging of taxes, fees or surcharges on internet access allegedly in violation of ITFA, state and local laws.

"Unknown" claims as released herein means any and all claims that any member of the Settlement Class does not know to exist against AT&T Mobility which, if known, might have affected his or her decision to enter into or to be bound by the terms of this Settlement. The Plaintiffs and the members of the Settlement Class acknowledge that they may hereafter discover facts in addition to or different from those that they now know or believe to be true concerning the subject matter of this release, but nevertheless fully, finally, and forever settle and release any and all claims, known or unknown, derivative or direct, suspected or unsuspected, accrued or unaccrued, asserted or unasserted, in law or equity, including, without limitation, claims that have been asserted or could have been asserted in the Actions against AT&T Mobility with respect to AT&T Mobility's charging of taxes, fees or surcharges on internet access allegedly in violation of ITFA, state and local laws, that they now have, ever had, or may have had as of the date the Final Order becomes final. The foregoing waiver includes, without limitation, an express waiver to the fullest extent permitted by law, by the Plaintiffs and the Settlement Class members of any and all rights under California Civil Code § 1542 or any similar law of any other state or of the United States, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MIGHT HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Excluding Yourself From The Settlement

11. How do I get out of the settlement?

If you choose to be excluded from the Settlement Class, you will not be bound by any judgment or other final disposition of the lawsuits. You will retain any claims against AT&T Mobility you might have. To request exclusion, you must state in writing your desire to be excluded from the Settlement Class. You must sign your request for exclusion personally or by legal counsel. Your request must include: (1) your full name, current address and address when you were charged Internet Taxes by AT&T Mobility; (2) your signature; and (3) a specific statement that "I want to be excluded from the Settlement Class." **The request for exclusion must be sent by first class mail, postmarked on or before February 2, 2011, addressed to:**

ATTM Settlement Administrator
P.O. Box 480020
Kansas City, MO 64148

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If the request is not postmarked on or before February 2, 2011, your request for exclusion will be invalid, and you will be included in the Settlement Class automatically. If you do not request exclusion, you will be bound by the terms of the settlement approved by the Court, including without limitation, the judgment ultimately rendered in the cases, and you will be barred from bringing any claims which arise out of or relate in any way to AT&T Mobility charging you Internet Taxes.

12. If I don't exclude myself, can I sue AT&T Mobility for the same thing later?

No. Unless you exclude yourself, you give up any right to sue AT&T Mobility for the claims that this settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately.

13. If I exclude myself, can I get benefits from this settlement?

No. If you exclude yourself, you are not part of the Settlement.

The Lawyers Representing You

14. Do I have a lawyer in this case?

The Court has appointed Andy Armstrong, Ronald Bendian, Michael Bosarge, Eric Bosse, Vicki L. Campbell, Harvey Corn, Pam Corn, Matthew Cranford, Steven A. DeVore, Jane F. Edmonds, Heather Feenstra-Kretschmar, Adrienne M. Fox, Richard Garner, Stephen S. Girard, David Guerrero, Christopher R. Havron, Christopher Hendrix, Martin Hoke, Meri Iannetti, Christopher Jacobs, Kathy J. Johnson, Jamie Kilbreth, Bert Kimble, Vickie C. Leyja, Jonathan Macy, Rick Manrique, Heather Mazeitis, Bonnae Meshulam, Miracles Meyer, Audrey J. Mitchell, Adrienne D. Munson, Jill Murphy, Gira L. Osorio, Sara Parker Pauley, Joseph Phillips, Heather Rahn, David Rock, Lesley Rock, William J. Rogers, James Marc Ruggerio, Ann Marie Ruggerio, James Shirley, Randall Shuptrine, John W. Simon, Karl Simonsen, Donald Sipple, James K.S. Stewart, Dorothy Taylor, Kirk Tushaus, Matthew Vickery, John W. Wallace, Eleanor T. Wallace, Craig Wellhouser, Aaron White, William A. Wieland, Robert Wilhite, and Penny Annette Wood as Class Representatives. The Court has appointed the following attorneys as "Settlement Class Counsel:"

Bartimus Frickleton
Robertson & Gorny, P.C.
P.O. Box 480020
Kansas City, MO 64148

The Huge Law Firm PLLC
P.O. Box 57277
Washington, D.C. 20037-0277

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Settlement Class Counsel represent the interests of the Settlement Class. You may hire your own attorney to advise you, but if you hire your own attorney, you will be responsible for paying that attorney's fees.

15. How will the lawyers be paid?

Settlement Class Counsel will apply to the Court for an award of reasonable attorneys' fees and expenses and Class Representatives' compensation.

Settlement Class Counsel plan on seeking an order approving attorneys' fees that reflect the results obtained and the work and effort required finally to obtain recoveries for the Settlement Class, and will seek such recovery from the funds obtained for the Settlement Class. Settlement Class Counsel agree that they will seek a fee no greater than the lesser of ten percent (10%) of the aggregate value of the Settlement or twenty-five percent (25%) of the amounts refunded by taxing jurisdictions to the Settlement Class. Settlement Class Counsel also will seek reimbursement for their reasonable out-of-pocket expenses incurred in pursuing this litigation on behalf of the Settlement Class from funds obtained for the Settlement Class under the Settlement Agreement. Finally, Settlement Class Counsel will seek compensation to the Class Representatives in an amount not to exceed \$5,000 for each state-specific subclass representative from the funds obtained for the Settlement Class.

Objecting To The Settlement

16. How do I tell the Court that I don't like the settlement?

You can object to any aspect of the proposed settlement by filing and serving a written objection. You must sign your objection personally or by legal counsel. Your objection must state your full name, current address and address when you were charged Internet Taxes by AT&T Mobility. You must also provide copies of any documents you intend to rely upon, the names and addresses of any witnesses who will appear at the hearing, and the name of any counsel representing you. Your deposition may be taken in order to determine the grounds for your objection. The deposition must be limited to topics relating to the objection. Your objection must state why you object to the proposed settlement and any reasons supporting your position.

If you intend to appear in person or through your own attorney at the March 10, 2011, Fairness Hearing described in Paragraph 18 below, you must include with your objection a notice of your intention to appear at the hearing.

You must mail any objection, along with any notice of intent to appear, postmarked on or before February 2, 2011, to Settlement Class Counsel and counsel for AT&T Mobility. The address for Settlement Class Counsel is:

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Bartimus Frickleton
Robertson & Gorny, P.C.
P.O. Box 480020
Kansas City, MO 64148

The Huge Law Firm PLLC
P.O. Box 57277
Washington, D.C. 20037-0277

The address for counsel representing AT&T Mobility in this litigation is:

Roman P. Wuller
Thompson Coburn LLP
One U.S. Bank Plaza, Suite 3500
St. Louis, Missouri 63101

Archis A. Parasharami
Mayer Brown LLP
1999 K Street, N.W.
Washington, DC 20006

Any Settlement Class member who does not file and serve an objection in the time and manner described above will not be permitted to raise that objection later.

17. What's the difference between objecting and excluding?

Objecting is simply telling the Court that you don't like something about the settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object because the lawsuits no longer affect you.

The Court's Fairness Hearing

18. When and where will the Court decide whether to approve the settlement?

There will be a hearing to consider approval of the proposed settlement on March 10, 2011, beginning at 9:30 a.m., at the United States District Court for the Northern District of Illinois, Eastern Division, Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Chicago, IL 60604. The hearing may be postponed to a later date without further notice. The purpose of the hearing is to determine the fairness, reasonableness, and adequacy of the terms of settlement; whether the Settlement Class is adequately represented by the Class Representatives and Settlement Class Counsel; and whether an order and final judgment should

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be entered approving the proposed settlement. The Court also will consider Settlement Class Counsel's application for an award of attorneys' fees and expenses and Class Representatives' compensation.

You will be represented at the hearing on the fairness of the settlement by Settlement Class Counsel, unless you choose to enter an appearance in person or through your own counsel. The appearance of your own attorney is not necessary to participate in the hearing on the fairness of the settlement.

19. Do I have to come to the hearing?

No. Settlement Class Counsel will represent the Class at the hearing, but you are welcome to come at your own expense. If you send any objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it's not necessary.

20. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send with your objection a notice of intention to appear at the hearing as described in paragraph 16 above. You cannot speak at the hearing if you excluded yourself.

Getting More Information

21. Are there more details about the settlement?

This Notice is only a summary. For a more detailed statement of the matters involved in the lawsuits or the Settlement, you may refer to the papers filed in this case during regular business hours at the office of the Clerk of the Court, United States District Court for the Northern District of Illinois, Eastern Division, Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Chicago, IL 60604. File: *In Re: AT&T Mobility Wireless Data Services Sales Tax Litigation*, Case No. 1:10-cv-02278. The full Settlement Agreement and the pleadings filed in the cases can be requested, in writing, from Settlement Class Counsel identified in Paragraph 14 above.

22. How do I get more information?

You can visit www.attmsettlement.com, or write Settlement Class Counsel at the address provided in paragraph 14 above. **Please do not contact the court for information.**

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Dated: August 11, 2010

Honorable Amy J. St. Eve
United States District Judge

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