

DECLARATION OF STEVE McGAW
Senior Vice President – Corporate Development, Cingular Wireless LLC

I, Steve McGaw, hereby declare the following:

I. Biographical Information

1. I am the Senior Vice President of Corporate Development with responsibilities for all mergers, acquisitions, equity investments and partnerships for Cingular Wireless LLC (“Cingular”). Most recently, I led Cingular’s valuation and analysis of its acquisition of AT&T Wireless Services, Inc. (“AWS”). Other projects which I have directed include the purchase of numerous wireless properties, network sharing joint ventures with T-Mobile and AWS, and the purchase of wireless spectrum from NextWave for \$1.4 billion covering 83 million potential customers in the United States.

2. During my 20 years in the business, I have held a variety of positions at SBC Communications Inc. (“SBC”) and AT&T Bell Labs, including Managing Director of Corporate Development and Vice President of Business Marketing, as well as sales, international and technology planning positions. My education includes an MBA from the University of Texas at Austin, a Masters of Science in Computer Science at Northwestern University, and a BS in Industrial Engineering at Purdue University.

II. Introduction/Synopsis

3. At the time of the formation of Cingular in 2000, each of SBC and BellSouth Corporation (“BellSouth”) were regional wireless providers attempting to compete with the national wireless service of five of the wireless carriers. The creation of Cingular, by combining the wireless operations of SBC and BellSouth, provided a foundation for the creation of a sixth

nationwide competitor in the mobile voice market. As a near nationwide competitor, Cingular was able to provide wireless services more effectively and efficiently than either of its parents, SBC or BellSouth, would have been able to offer on its own.

4. The successful integration of the wireless operations of both companies resulted in expanded network coverage, reduced billing costs, better customer care, state of the art distribution, significant savings in purchasing, and one of the industry's most successful brand launches. Neither SBC nor BellSouth was likely to be able to accomplish these changes on a stand-alone basis. Cingular's experience in successfully integrating these operations to form a new national company makes it especially well qualified to further expand and enhance operations and deliver even greater synergies through the merger with AWS.

5. At the time of its creation, Cingular recognized the trend towards a national wireless marketplace. This trend was reflected in the increasing prevalence of "one rate" calling plans that were becoming nationwide in scope. This national market has continued to develop, as all of the six nationwide providers today offer one rate plans that are nationwide or nearly nationwide in scope. Indeed, as noted in the concurrently filed Declaration of Marc P. Lefar ("Lefar Declaration"), wireless customers today increasingly buy national pricing plans. Lefar also explains that Cingular's current strategy in response to the market is to sell only national and large regional plans, with its smallest regional plan encompassing at least an entire state, and in most cases multiple states.

6. Cingular also recognized that the proliferation of nationwide one rate plans would drive wireless carriers to secure their own nationwide networks. Again, this has proven to be the case, as carriers have sought to build nationwide footprints to enhance their ability to compete in the offering of nationwide pricing plans. In fact, by every major metric, competition in the

nationwide wireless market has increased since Cingular was created. Subscribership and minutes of use have increased, while prices continue to fall. Dissatisfied customers can and do readily switch providers, as high industry-wide churn rates continue to reflect. This trend can and will only increase with the advent of local number portability (“LNP”).

7. As discussed in the Lefar Declaration, to remain competitive and meet customer demand, wireless providers must offer nationwide coverage with few or no holes or roaming charges, a superior voice network, and access to advanced high speed data and video services. In striving to do so, Cingular has largely consumed its present spectrum resources in areas where it holds spectrum. In addition, in order to provide similar features and services on a nationwide basis, Cingular needs to obtain spectrum and network assets in areas where it currently has neither. As the concurrently filed Technical/Network Declaration of William Hogg and Mark Austin (“Hogg/Austin Declaration”) explains, Cingular’s existing network capacity and infrastructure are strained, placing immediate and real limitations on its ability to simultaneously improve the quality of services offered today, sustain future growth and continue to develop and offer advanced services. These constraints have led Cingular to acquire spectrum on a piecemeal basis, most recently from NextWave, and to enter into network sharing joint ventures with T-Mobile and AWS.

8. While these piecemeal spectrum acquisitions and network joint ventures have helped to expand or augment Cingular’s coverage in discrete areas, significant coverage gaps remain and many areas remain spectrum constrained. Importantly, the acquisition of additional spectrum alone to fill out gaps is not a solution. Without network assets and infrastructure to put spectrum to immediate use and expand network reach, improvements in network coverage and service must be delayed while network infrastructure is gradually built out. As a result, Cingular

requires not only a larger, more comprehensive geographic footprint, but also an established, compatible network that can be readily integrated into its existing network in order to begin promptly to address consumer demands for improved service and roll out of new advanced services.

9. The merger of AWS into Cingular will address these concerns, resulting in a number of pro-consumer synergies. By incorporating spectrum resources and compatible network assets into a comprehensive whole, customers of each company will have access to an expanded nationwide network with more reliable services, enhanced features and greater product offerings. Collectively, these synergies would not be achievable in the near term but for the integration of both spectrum resources and established networks covering a wider geographic area which will result from the merger. Moreover, because the merger will allow Cingular to combine the best practices of the two companies, consumers will gain in areas such as billing, customer service, and wireless LNP. Only through the merger can Cingular simultaneously improve existing service and customer care, expand network reach, and quickly and ubiquitously roll out new advanced wireless/third generation (“3G”) services in the United States which are already available in other countries today.

10. The merged company will also be able to realize a number of pro-competitive synergies through savings in capital expenditures and operating expenses as costly duplication is reduced. As a result, the merged company will have greater resources to make it a more effective competitor, more readily able to both initiate and respond to changes in the marketplace.

III. Pro-Consumer Synergies

11. The merger will result in a number of synergies that will result in tangible benefits to the subscribers of both companies, including improved network coverage and services, enhanced best practices, and cheaper and more varied equipment. The result will be improved overall consumer satisfaction leading to reduced churn, the totality of which would not otherwise occur absent the merger.

12. Improved network coverage. By merging networks, the combined company will offer an expanded nationwide footprint covering more areas combined than what either company today serves on its own. For example, Cingular currently has coverage in 87 of the top 100 metropolitan areas, covering approximately 220 million licensed POPs. The combined company will have spectrum in 49 of the 50 states, coverage in 97 of the top 100 metropolitan areas, and be able to serve approximately 264 million licensed POPs. The combined company will also have the spectrum and established infrastructure to fill in holes in each company's networks in existing service areas.

13. The merger allows the combined company to expand and fill out both carriers' networks in the near term because of the ability to integrate established and technically compatible operating networks and to utilize the greater spectrum resources of both companies. These are synergies that would not be available were either company to purchase bare spectrum in the marketplace, assuming sufficient spectrum was available for purchase. Without existing and compatible networks, the acquisition of new spectrum would require the concomitant acquisition of new tower sites and equipment, a time consuming and costly process that would significantly delay the ability to offer the improved coverage benefits customers demand. During this time, third party roaming agreements would be necessary to continue to provide

service to subscribers in the expansion areas. Reliance on roaming agreements is costly and facilitates offering only the most basic voice services.

14. Improved network services. By combining both companies' existing networks and collective spectrum holdings, network trunking efficiencies will be gained. The details of these trunking efficiencies are explained in the Hogg/Austin Declaration, but the net result is that spectrum resources will be available to meet customer demands for improved call quality and reliability and access to advanced wireless service offerings, as well as to facilitate subscriber growth on a more timely and efficient basis than either AWS or Cingular could accomplish on a stand-alone basis.

15. For example, enhanced spectrum resources will allow the merged company to sustain growth by utilizing additional spectrum in capacity constrained and high traffic areas. Doing so will also improve call quality and reduce dropped/blocked calls. Enhanced spectrum resources will also permit the merged company to expand features and functionalities to customers of both companies. Currently, there are certain features and functionalities available only to Cingular subscribers, and others are available only to AWS subscribers. For example, Cingular's "fast-forward" service, which allows mobile customers to forward their calls to their landline phone while in their homes, is not a service available to AWS customers. Other services, such multimedia messaging, are available to subscribers of each company but are not interoperable between them (*e.g.*, Cingular customers cannot send/receive multimedia messages to/from AWS customers). The merger will foster greater interoperability and allow the best of existing features/functionalities to be available to the subscribers of both companies. In addition, because both companies are well into their planned evolution to Global System for Mobile Communications ("GSM") – the leading international wireless standard – the expanded and

enhanced footprint of the merged company will afford the benefits of GSM service to both subscribers and domestic and international GSM roamers using the combined network.

16. The merger will also produce spectrum that will allow the combined Cingular and AWS to expand into Universal Mobile Telephone System (“UMTS”), the broadband third generation standard for GSM. As discussed in the Hogg/Austin Declaration, UMTS provides the transmission capability necessary to offer spectrum-intensive high speed data services, which cannot be offered today by AWS or Cingular alone in most service areas due to spectrum constraints. Such services include multimedia messaging, mp3 music offerings, interactive gaming, text messaging and email, web surfing, longer downloadable video clips (*e.g.*, news, music, and sports clips), the ability to stream full-motion video content on demand, integrated cameras with higher resolution picture images, and location-based services (*e.g.*, mapping, directions and real-time traffic). The merger will also help enable the United States market to catch up with its international counterparts, including Japan and South Korea in Asia and parts of Europe, where 3G service offerings are much further advanced and substantial and adequate spectrum resources to support them have long been available.

17. Additional spectrum will also reduce the need for costly cell splitting. Not only is cell splitting a limited solution in capacity constrained service areas that cannot be used indefinitely, it requires the need for additional tower construction. The merger will lessen the need for new cell tower construction by reducing the need for cell splitting, which, in turn, diminishes environmental concerns associated with the proliferation of new tower construction. The merger will also allow additional tower space to be freed up, permitting collocation by other carriers and reducing the need for additional towers from that perspective as well.

18. While Cingular might be able to acquire additional spectrum in a piecemeal fashion over time in certain areas, only the merger will allow it ready access to needed spectrum across the board plus an established infrastructure to put it to use for the benefit of the customers of both companies in the near term. Moreover, the larger customer base, which would not be available immediately but for the merger, will enable the combined Cingular and AWS to justify the more rapid development and offering of new products and services by allowing costs to be spread out over a larger base. In addition, because the AWS network is technologically compatible with the Cingular network, the current advanced data offerings provided by AWS to its subscribers can be extended to Cingular customers and vice versa. This would not be the case with a spectrum-only acquisition or merger with a non-technically compatible carrier.

19. Enhanced best practices. As established nationwide providers, both Cingular and AWS have developed a series of practices to efficiently and effectively meet customer needs and comply with regulatory mandates. For example, in the course of forming Cingular, BellSouth and SBC consolidated nearly a dozen separate billing operations into two scalable systems and significantly reduced billing costs per subscriber. Cingular has also merged sixty separate customer service call centers into twenty more responsive megacenters, making it uniquely qualified to address customer service issues. Cingular's wireless LNP practices have resulted in some of the lowest transition complaints in the industry, and Cingular is also a leader in addressing wireless disability issues. Conversely, AWS has developed marketing practices and expertise in serving an extensive business customer base that will benefit the combined company.

20. These are but a few examples of best practices developed by each company. Other examples can be found in the areas of network operations and management, purchasing,

and general and administrative practices. The implementation of the best of these and other practices from each company will inure to the benefit of the combined company's subscribers.

21. Better, cheaper, more varied customer and network equipment. A broader selection of customer equipment, available at more competitive prices and containing more features demanded by consumers, will become available as the result of the combined company's enhanced purchasing power and larger customer base.

22. As a result of each of these pro-consumer synergies, long-term churn rates for the merged company are predicted to decline below what they would have been were the two companies to remain separate. This is due to the fact that some of the major drivers of total churn – network quality and coverage, service offerings, and customer service – will be addressed by the merger and the resulting larger nationwide footprint, simplified billing practices, and greater availability of advanced services. These lower churn rates are tied directly to enhanced customer satisfaction as a result of the pro-consumer benefits of the merger.

IV. Pro-Competitive Synergies

23. In addition, the merger will result in cost savings in a number of areas, making Cingular a more effective competitor in the nationwide mobile voice market and in the developing mobile data market. As a general matter, Cingular expects to generate operating and capital expense synergies of more than \$1 billion in 2006 and more than \$2 billion per year in the following years as a merged entity. These savings will afford the merged company additional capital resources to better compete in a vigorously competitive marketplace characterized by consistently and rapidly declining prices and the ready ability of consumers to switch providers if they are dissatisfied.

24. Reduction in capital expenditures. Cingular expects to generate average annual savings in capital expenditures of approximately \$0.8 - \$1.2 billion in both 2006 and 2007 alone as a merged entity. These savings, which will occur without any adverse effect on call quality or the availability of new services, are driven by a number of factors, including: diminished need for future capacity and coverage site (tower) additions, reduction of future equipment purchases (due to reusable duplicative capital equipment), greater equipment purchasing power, and network efficiencies from increased spectrum. Each of these driving factors is the result of the merger and collectively would not be achievable by either company on its own but for the merger.

25. Reduction in operational expenses. Cingular is also expected to realize annual operational synergy savings of approximately \$0.5 - \$0.8 billion in 2006 and \$1.2 - \$1.5 billion in 2007 alone as a merged entity. Currently, each company is operating as many as three networks (analog, TDMA and GSM), for a total of six networks combined in a given area. The merged company will be able to consolidate these networks system operations while eliminating unnecessary duplication in network engineering, all while providing better, more efficient services. The reduction in operating expenses is uniquely tied to the merger with AWS because of the complementary technologies and network protocols used by both companies; the ability to reduce duplication in these areas flows directly from the merger.

26. Reduction in costs per gross additional subscriber. As part of the reduction in operating expenses, the merged company will also see savings on new subscriber costs by optimizing sales and distribution channels, consolidating advertising and marketing costs, and realizing other marketing efficiencies, as well as through greater handset manufacturer discounts available because of volume pricing. These savings are direct consequences of the merger and

cannot be achieved through the purchase of spectrum alone; they are uniquely tied to the proposed merger.

27. Reduction in maintenance/administrative costs. Reduced operating expenses will also include savings in the areas of billing, customer service, and corporate/administration, as a result of the implementation of best practices from the two companies and as the new company evolves into a more efficient corporate structure and duplicative/redundant functions are eliminated. The incorporation of the best practices from each company, and the cost savings that flow therefrom, are a unique benefit of the merger. This is likewise the case with regard to the elimination of duplicative/redundant functions that would not occur but for the merger.

V. Conclusion

28. In sum, these synergies will provide customers from both companies with broader coverage, better service, enhanced features and equipment, and improved customer service. At the same time, they will enable Cingular to become a more effective nationwide mobile voice and data provider, able to more effectively compete with its nationwide competitors and offer consumers more choices.

I declare under penalty of perjury that the foregoing is true and correct.

Signature: /s/ Steve McGaw
Steve McGaw
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Cingular Wireless LLC

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