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Press Release

J.D. Power and Associates Reports:
Prevalence of Non-Contract Monthly Service Plans Continues to Grow, as Product Offerings Become More Competitive with Those of Traditional Contract Service Plans

Boost Mobile Ranks Highest in Customer Satisfaction among Non-Contract Wireless Plan Users

WESTLAKE VILLAGE, Calif.: 31 March 2011 — Nearly one-half of all non-contract wireless customers currently use monthly service plans rather than a pay-as-you-go plan option, according to the J.D. Power and Associates 2011 U.S. Wireless Non-Contract Customer Satisfaction Index Study℠ released today.

The study, now in its sixth year, measures customer satisfaction with current non-contract wireless service across six key factors (listed in order of importance): performance and reliability (31%); cost of service (21%); account management (17%); initial activation (12%); offerings and promotions (12%); and customer service (7%).

The study finds that product offerings in the non-contract segment have changed dramatically during the past several years, with many wireless carriers increasing the offerings of monthly plans—some mimicking traditional contract plans, while others have unlimited calling and texting. Currently, 49 percent of non-contract plan customers have monthly plans, compared with less than 30 percent in 2008—more than a 50 percent increase.

The increase in the prevalence of monthly plans can be partly attributed to a combination of cost savings and service offerings, and also to improved overall satisfaction due to positive recommendations from existing customers. In 2011, overall satisfaction among monthly service plan customers is comparable to satisfaction among those who use pay-as-you-go plans (762 on a 1,000-point scale vs. 768, on average). In 2009, the difference in overall satisfaction between monthly customers and pay-as-you-go customers averaged 14 points.

“Historically, the most common type of non-contract plan was characterized as pay-as-you-go, but several carriers have increased their offerings to include plans that mimic traditional contract plans without requiring customers to sign contracts,” said Kirk Parsons, senior director of wireless services at J.D. Power and Associates. “This particular service offering has become very popular, especially during the tough economic times. The appeal is based on lower cost of service, particularly when compared with contract-based offerings with similar service and product offerings.”

The study also finds that higher satisfaction levels may drive wireless customers to purchase additional products and services. In 2011, 53 percent of non-contract customers say they are likely to purchase additional products or services offered by their current carrier during the next six months, while 47 percent say they are content with their current plan and equipment. Overall satisfaction scores are 90 index points higher, on average, among customers willing to spend more money on additional purchases, compared with customers opting to continue with their current plan (807 vs. 717, respectively).

“As the non-contract wireless market continues to evolve, consumers need to explore all of the alternatives available to them in order to determine which plan suits their needs,” said Parsons. “With an increased breadth of options, wireless customers will likely find a plan that optimizes their wireless experience and meets their budget without requiring them to sign a long-term service contract. This may, in turn, benefit wireless providers with a robust segment of new customers with which to grow their business and increase service fee potential.”

For the first time since the inception of the study, Boost Mobile ranks highest in overall customer satisfaction among non-contract wireless customers and achieves a score of 808. Boost Mobile performs particularly well in four of the six factors that drive overall satisfaction: cost of service; account management; initial activation; and offerings and promotions. Also ranking above the industry average are MetroPCS, TracFone, NET10, Virgin Mobile and T-Mobile, respectively.

The study also finds the following key non-contract wireless usage patterns:

- Pay-as-you-go customers spend an average of $37 for each airtime purchase in 2011, an increase of $2 from 2010.
- Monthly non-contract customers spend an average of $32 less per month than do customers with contracts. Monthly non-contract customers spend $60 per month, compared with an average monthly service cost of $92 for customers with service contracts.
- Overall, non-contract customers use 326 minutes per month, on average. Pay-as-you-go customers use an average of just 180 minutes per month, while monthly non-contract customers use an average of 489 minutes per month—an increase of approximately 50 minutes from 2010.
- Among customers currently under contract with a postpaid carrier and who say they are likely to switch their carrier during the next year, nearly 40 percent (38%) are likely to choose non-contract service.

The 2011 U.S. Wireless Non-Contract Customer Satisfaction Index Study measures customer satisfaction with current non-contract wireless service. The study is based on responses from 6,436 wireless customers who currently subscribe to non-contract service plans. Findings are based on a continuous fielding period between July and December 2010. For more information, please visit JDPower.com.

For more information on customer satisfaction with wireless service, wireless retail sales, cell phone handsets, customer care, prepaid wireless service and business wireless service, please visit JDPower.com.

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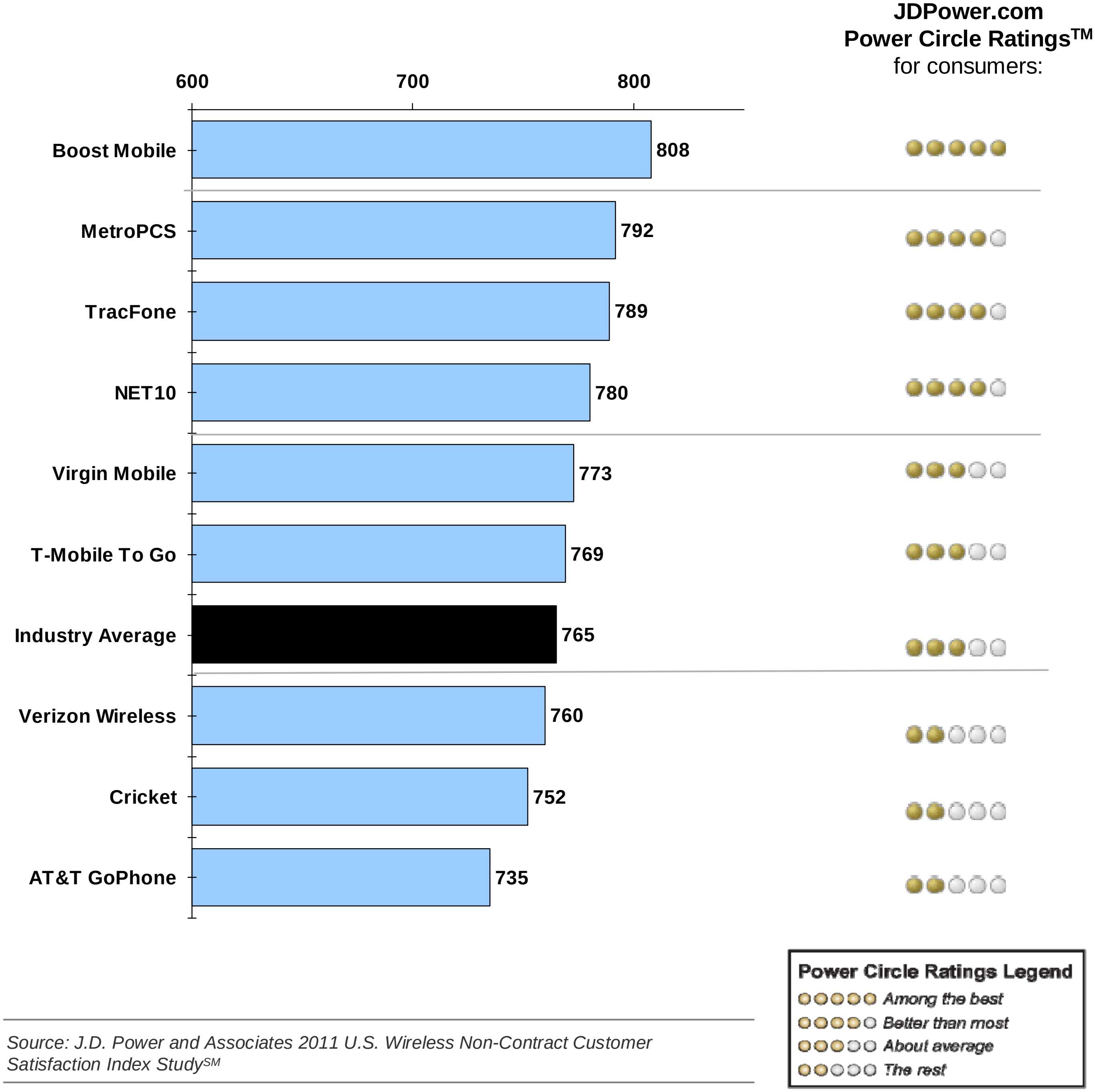
NOTE: One chart follows.

J.D. Power and Associates
2011 U.S. Wireless Non-Contract Customer Satisfaction Index Study℠

Overall Wireless Mobile Phone Index Rankings

(Based on a 1,000-point scale)



Source: J.D. Power and Associates 2011 U.S. Wireless Non-Contract Customer Satisfaction Index Study℠

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