

25%+ Refund Policy

Notice

In a recent Global Communication (dated 12/18/2009) we made reference to implementing a new 25+% Refund Rate Policy which spurred a few questions. The supporting information stated below should clarify the policy on all levels. As reference, the information previously distributed was:

ATT is implementing a new policy for shortcodes with chronically high refund rates. **Effective January 31, ATT will enforce a 30-day suspension for any shortcode with a combination of a failed audit and a refund rate of 25% or higher.** Here are the specific details surrounding the suspension of a code:

- No new subscribers will be added to the shortcode during the suspension.
- Existing subscribers will continue to receive their content and bill as usual.
- During the 30-day suspension, the Aggregator and Content Provider will provide a Root Cause Analysis (RCA) explaining the drivers behind the 25% refund rate.
- After all outstanding audits have been remedied and 30 days have passed, we will allow the code to go live.

The Process:

- The Formula for calculating refund rate at short code level
 - $\text{Mthly Refunds \& Reversals} / \text{Mthly Gross Sales} = \text{Mthly Refund Rate (\%)}$
- Monthly Refund Rate Report containing short codes OVER 25% refund rate will be distributed upon closing numbers for each month (normally within first week of following month) and distributed at the aggregator level
- Any short code with a 25% or greater refund rate will be sent for a priority audit:

FAILED AUDIT = Immediate Suspension Notification sent to Aggregator

- Immediate minimum 30day suspension of short code at aggregator level regardless of root cause or circumstances
- Root Cause Analysis (RCA) required w/in 48hrs
 - Suspension request must be completed within 1 hour of notification. If short code is not suspended at the partner level, AT&T will decommission the short code entirely at network level
 - Outstanding audit must be remedied and 30days passed before code may be turned back up
 - ATT Aggregator Manager must send official notice of all clear before code is turned back up

PASSED AUDIT = Warning Notice sent to Aggregator

- Root Cause Analysis (RCA) required w/in 48hrs
- Short Code will be re-evaluated on following month's report

NOTE: AT&T Mobility reserves the right to suspend or shutdown any short code or campaign based on suspicious/fraudulent activities or failure to adhere to the above guidelines.

Additional Clarifications:

- Policy will go into affect with the receipt of first refund rate report for January 2010 (ETA = early February 2010) and will concentrate on highest revenue generating short codes
- Suspensions and Shut Downs are at SHORT CODE LEVEL
- Failed audit is any score BELOW 80
- Content Provider affected will NOT be allowed to submit other short codes and campaigns during suspension
- Suspension at aggregator level = No NEW purchases or subscriptions, no pointing customers to alternate campaign/short code, current subscribers will continue to bill and receive content (no PINs can be sent to handset & no new billing can be sent via API)
- Queuing up of opt-ins while the service is suspended is prohibited
- Shut Down at ATT Network level = complete removal from ATT network of ALL campaigns, subscriptions, and purchases
- Short Codes determined by ATT to be in testing status will NOT be subject to this policy
- "3 strikes" criteria will apply at the shortcode level:
 - 1st offense – minimum 30day suspension
 - 2nd offense – minimum 30day suspension
 - 3rd offense - immediate shutdown of shortcode AND content provider at AT&T's network level

Regards,
AT&T Off-Portal Mobile Commerce Team