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July 20, 2001

ORIGINAL

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By Hand Delivery

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
Washington, D.C. 20554

RECEIVED

JUL 20 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: *Ex Parte* Presentation
WTB Docket No. 01-108

Dear Ms. Salas:

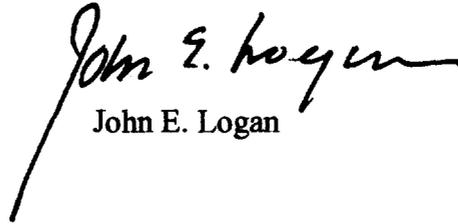
Pursuant to the Commission's rules, this letter summarizes an *ex parte* presentation made yesterday, July 19, 2001, by representatives of ATX Technologies, Inc., my client, and OnStar Corporation, to Jeffrey F. Steinberg, Deputy Chief, Commercial Wireless Division, Wireless Telecommunications Bureau, regarding the Notice of Proposed Rulemaking in the above docket. Representing ATX was Gary Wallace, Vice President, External Affairs, and myself. Representing OnStar was William L. Ball, Vice President, Public Policy, and Kenneth D. Enborg, Vice President and General Counsel.

During the presentation we discussed the telematics industry, and the separate investments ATX's and OnStar's have made in telematics. We discussed the services provided and the increasing growth of the industry. We stressed that telematics capability must be integrated into the electrical system of a vehicle and was dependent on a stable environment promoted by the analog standard. We expressed serious concern regarding eliminating the analog standard, including any changes in the technical rules relating to the standard, without any similarly dependable alternative. We emphasized the critical role the analog standard has in providing reliable and pervasive voice and data communication from a vehicle, and how this information promotes safety and speeds emergency response.

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List A B C D E

We provided copies of the separate comments filed by OnStar and ATX in the proceeding. ATX and OnStar also provided Mr. Steinberg information regarding their companies. Copies of these documents are attached.

Respectfully,


John E. Logan

ORIGINAL

Attachments

Copy provided to:

Jeffrey F. Steinberg, Deputy Chief, Commercial Wireless Division, Wireless Telecommunications Bureau

Gary Wallace, Vice President, External Affairs, ATX Technologies, Inc.

William L. Ball, Vice President, Public Policy, OnStar Corporation

Kenneth D. Enborg, Vice President and General Counsel, OnStar Corporation



FOR IMMEDIATE RELEASE:
June 27, 2001

CONTACT:
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Vice President, External Affairs
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800-511-5891 or 972-753-6230
gwallace@track.com

ATX launches first nationwide telematics traffic reports

DALLAS-FORT WORTH – ATX Technologies, Inc., the leading independent telematics service provider to the automotive market, today launched the first nationwide Real-time Traffic telematics service, providing drivers the most convenient route to their destination.

ATX's Real-time Traffic service provides motorists in telematics-equipped vehicles nationwide access to detailed traffic information including incident and accident reports for 65 major metropolitan areas across the United States (see attached list). Coverage for 78 markets is planned by the end of the year.

A key feature is allowing subscribers to check actual traffic conditions along their intended route prior to entering the vehicle by accessing their personal telematics website. The website is provided through the automotive original equipment manufacturer (OEM) and hosted by ATX.

By pressing an in-vehicle telematics button, subscribers can also be warned about the latest traffic delays while in the vehicle. Later this year, ATX traffic updates will be available in the vehicle through ATX's award-winning Interactive Voice Response (IVR) system. The technology won first place in the multimedia and telematics category during this year's *Auto Interiors* show held in Detroit, Mich. As with all telematics services provided by ATX, motorists have the option to give a verbal command linking them to a live operator in the ATX Response Center should they need personal assistance or more information.

"Traffic is one of the car-centric, telematics services drivers want and OEMs must provide, particularly if they also plan to offer telematics-based routing assistance or point of interest service," said Steve Millstein, ATX president and CEO. "This is the first step toward deployment of routing assistance incorporating a range of real-time conditions to help the driver reach a destination safely and hassle-free. Not including a traffic report with a driver's request for routing assistance will only frustrate the driver if we route him into the middle of a traffic jam."

(more)

"Our traffic service also is designed with recognition of two critical business goals: to enhance the safety of the motorist's trip and to provide OEMs and their dealerships with data that helps them attract new customers and retain current customers," Millstein added.

Unlike traffic reports broadcast on commercial AM/FM radio, ATX telematics-based traffic information can be accessed at any time, providing an accurate real-time snapshot of traffic conditions within a 10-mile radius of the motorist's driving area or along a route specified by the driver.

ATX's primary traffic content partners are Tele Atlas North America (formerly Etak, Inc.), Menlo Park, CA., and Westwood One, New York.

According to research completed for ATX, traffic and traffic jams are the number two cause of irritation among drivers, trailing only the bad driving of other motorists. The information provided through ATX's telematics is designed to incorporate not only congestion points in traffic flow but provide the driver with information on traffic incidents, road construction and adverse weather conditions. The information also will report the location of incidents between cross streets or exits.

ATX serves nearly 300,000 subscribers through its customers' brands, including Mercedes-Benz, Ford, Jaguar, Lincoln, and the Infiniti division of Nissan. The company pioneered in-vehicle telematics services to the automobile manufacturing and wireless communications industries in 1996 with the launch of the Lincoln RESCU system.

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ATX Technologies Inc. is headquartered in Dallas-Fort Worth. ATX provides leading-edge telematics services for mobile applications including automatic collision notification, location-based emergency response and roadside assistance, stolen vehicle tracking, navigation and other location-based information services. The company pioneered in-vehicle and automotive aftermarket applications of telematics beginning in 1995 and in 1999 introduced telematics services in handheld wireless devices. ATX customers include Mercedes-Benz, Ford, Nissan Motor Corporation's Infiniti division, Jaguar, and Lincoln-Mercury. Strategic alliances include Siebel Systems and IBM. For more information, visit www.abxtechnologies.com.

MARKETS SERVED

Albany
Albuquerque
Allentown
Atlanta
Austin
Baltimore
Birmingham
Boston
Buffalo
Charlotte
Chicago
Cincinnati
Cleveland
Colorado Springs
Columbus
Dallas-Fort Worth
Dayton
Denver
Detroit
Ft. Myers
Fresno
Grand Rapids

Harrisburg
Hartford
Houston
Indianapolis
Jacksonville
Kansas City
Las Vegas
Los Angeles
Long Island
Louisville
Memphis
Miami/Ft. Lauderdale
Minneapolis/St. Paul
Milwaukee
Nashville
New York
Norfolk/Virginia Beach
Oklahoma City
Omaha
Orlando
Philadelphia
Phoenix

Pittsburgh
Portland
Providence
Richmond
Rochester
Sacramento
St. Louis
Salt Lake City
San Antonio
San Diego
San Francisco/Oakland
San Jose
Seattle
Spokane
Syracuse
Tampa-St. Petersburg
Tucson
Washington, D.C.
West Palm Beach
Westchester
Wilkes Barre/Scranton



PRESS RELEASE

FOR IMMEDIATE RELEASE:
March 15, 2001

CONTACT:
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ATX TECHNOLOGIES BUSINESS GROWTH TO RESULT IN CALL CENTER EXPANSION

DALLAS –To meet the demands of a rapidly developing market for telematics, ATX Technologies, Inc., announced today plans to open a second voice and data interaction center in the central or southeastern United States. The company plans to open the telematics response center in 2002 to accommodate new automotive clients. ATX is currently adding nearly 15,000 subscribers per month and expects this number to double by the time the new center is occupied.

ATX Technologies, the leading independent telematics service provider to the automotive market, currently operates a telematics response center in the Dallas-Fort Worth area. ATX is actively searching for a second location and expects to make a decision by third quarter of this year.

According to Hal Jensen, ATX's chief operating officer, the company expects to employ approximately 150-200 employees in the new facility, which will handle as many as one million subscribers.

"This new center will integrate the latest in telematics technology, focusing on scalability and customer relationship management," said Jensen. "This will be a state-of-the-art facility."

Telematics is a rapidly growing in-vehicle technology that integrates wireless communications, location identification technology and off-board database and computing functions providing drivers with a variety of safety, security, navigation and convenience services.

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FOR IMMEDIATE RELEASE:

December 6, 2000

FORD MOTOR COMPANY AND ATX TECHNOLOGIES AGREE TO CONTINUE LONG-STANDING RELATIONSHIP IN TELEMATICS

Multi-year agreement provides ATX's third-generation emergency, navigation services

DALLAS, DEARBORN, Mich. — ATX Technologies, Inc., and Ford Motor Company (NYSE: F), two pioneers in the development of telematics, announced today that ATX will continue to provide location-based emergency and navigation telematics services to Ford Motor Company. The new agreement will begin with the 2001 model year.

ATX currently provides such telematics-based services as automatic collision notification, emergency "MayDay" response, routing assistance, and location-based roadside assistance under the Lincoln *RESCU* brand as an option on the Lincoln LS and Continental models and under the Jaguar *Assist* brand as an option on the Jaguar S-Type.

"In 1995, we joined Ford Motor Company to launch not only a product but an industry," noted Steve Millstein, ATX President and Chief Executive Officer. "We are gratified that Ford shares our vision for security services and can provide the experience and expertise to deliver world-class services."

Ford Motor Company (www.ford.com) is the world's leading truck manufacturer and the second largest manufacturer of cars and trucks combined. Worldwide revenues in 1999 exceeded \$162 billion with net income at a record \$7.2 billion. More than 20,000 dealers serve customers in more than 200 markets. Ford's automotive brands Aston Martin, Ford, Jaguar, Land Rover, Lincoln, Mazda, Mercury, Th!nk, and Volvo. Other major businesses include Ford Credit and Hertz.

ATX Technologies, Inc., is headquartered in Dallas. ATX provides leading-edge telematics services for mobile applications including automatic collision notification, location-based emergency response and roadside assistance, stolen vehicle tracking, navigation and other location-based information services. The company pioneered in-vehicle and automotive aftermarket applications of telematics

(more)

Page 2 Ford-ATX continue telematics alliance

beginning in 1995 and in 1999 introduced telematics on handheld wireless devices. ATX customers include Ford Motor Company, Mercedes-Benz, Nissan Motor Corporation's Infiniti division, Jaguar, and Lincoln-Mercury. For more information, visit www.atxtechnologies.com.

Except for historical information contained herein, this news release contains forward-looking statements that are subject to risks and uncertainties, including timely product development, Ford's ability to successfully develop and provide services on a timely and profitable basis, and those related to changes in economic conditions of the various markets the company will serve, as well as the other risks detailed from time to time in Ford's SEC reports.

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Ford and ATX Technologies are registered trademarks of their respective companies. All other trademarks are the property of their respective owners.

Media contacts:

FORD MOTOR COMPANY

Chris Vinyard 313-594-7899

ATX TECHNOLOGIES

Gary Wallace 972-753-6230



FOR IMMEDIATE RELEASE:
November 28, 2000

INTEGRATION OF TELEMATICS, AUTOMOTIVE CRM/EBUSINESS DRIVES ATX TECHNOLOGIES ALLIANCE WITH SIEBEL SYSTEMS

Telematics Seen as New Tool for Building Customer Relationships, Loyalty for Automakers

DALLAS — ATX Technologies, Inc., the leading independent telematics service provider to the automotive market, announced today it has joined the Siebel Alliance Program as a Premier Partner. This partnership marks a milestone in the integration of telematics, or location-based services, with sophisticated eBusiness or Customer Relationship Management (CRM) solutions. The partnership highlights the shared philosophy that customer satisfaction and customer loyalty significantly impact an automotive company's profitability.

The Siebel architecture will be used as the foundation of ATX's telematics services with the goal of generating increased business and brand loyalty for its automotive clients such as Mercedes-Benz Tele Aid, Lincoln RESCU, Jaguar Assist and Infiniti Communicator.

ATX's telematics services integrate wireless communications, database functions, and location-identification technologies providing motorists with location-enhanced emergency response, roadside assistance, automatic collision notification, identification of the nearest critical services, and stolen vehicle recovery.

Telematics provides a unique tool for building customer relationships, particularly in the automotive industry. By turning the vehicle into a high-tech communications terminal, telematics allows automakers to offer a host of new services and generate multiple customer contact opportunities long after they buy. ATX focuses on building brand loyalty by devoting considerable resources to integrating its telematics services with the total brand experience of its automotive OEM customers. To date, the Company is experiencing a retention rate of over 90 percent of its current subscribers of telematics services. In a recent Decision Analyst survey of current telematics subscribers who have used the service, approximately 40 percent said their experience with telematics had resulted in stronger loyalty to their current vehicle's brand.

"Automotive OEMs who view telematics strategically rather than as just another in-vehicle electronics accessory understand that telematics is the linchpin to their emerging eCommerce strategies, reducing marketing expenses, better managing their relationship with their current customers and increasing brand loyalty," said Steve Millstein, president and CEO of ATX

Technologies, Inc. "This entry into telematics by an undisputed leader in the delivery of eBusiness applications, Siebel Systems, supports this strategic thinking and we are excited they are committed to redefining how multi-channel eBusiness and CRM will be executed in the automotive world."

"ATX shares the vision that customer satisfaction and customer loyalty are paramount to a company's success in any industry," said Steve Garnett, vice president of Alliances at Siebel Systems. "The Siebel eBusiness applications will provide ATX the technology that they need to carry out this shared vision."

"What we can provide together can fundamentally change the way an automaker sells cars and interacts with their customers," said Millstein. "Our job is to help our clients like Mercedes-Benz, Ford, Jaguar, Lincoln, and Infiniti sell cars, retain customers, provide them more real-time data about their customers, drive business back to their dealerships, and develop greater customer loyalty to their brands."

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ATX Technologies Inc. is headquartered in Dallas. ATX provides leading-edge telematics services for mobile applications including automatic collision notification, location-based emergency response and roadside assistance, stolen vehicle tracking, navigation and other location-based information services. The company pioneered in-vehicle and automotive aftermarket applications of telematics beginning in 1995 and in 1999 introduced telematics services in handheld wireless devices. ATX customers include Mercedes-Benz, Ford, Nissan Motor Corporation's Infiniti division, Jaguar, and Lincoln-Mercury. Strategic alliances include Siebel Systems and IBM. For more information, visit www.atxtechnologies.com.

ABOUT SIEBEL SYSTEMS

Siebel Systems, Inc. (Nasdaq: SEBL) is the world's leading provider of eBusiness applications software. Siebel Systems provides an integrated family of eBusiness application software enabling multi-channel sales, marketing and customer service systems to be deployed over the Web, the call center, field sales and service, and reseller channels. Siebel Systems' sales and service facilities are located in more than 28 countries. For more information, please visit Siebel's Web site at <http://www.siebel.com>.

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FOR IMMEDIATE RELEASE:
November 13, 2000

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**STUDY SHOWS GEN X, GEN Y EXCITEMENT IN TELEMATICS
TELEMATICS VALUED FOR CONVENIENCE, TIME SAVINGS, PRODUCTIVITY**

DALLAS – The next generation of telematics services – including such features as vehicle maintenance alerts, filtered e-mail, downloadable text or music, location-based directories and shopping information, and improved voice-directed navigation systems – is a future vehicle expectation, concluded a new study conducted for ATX Technologies, Inc., the leading independent telematics service provider to the automotive industry.

The focus group study, conducted by J.D. Power and Associates, shows interest in next generation telematics services is strong among new car owners in Generation X (ages 24-34) and Generation Y (18-24). A summary of the study is available through ATX's Knowledge Center at www.atxtechnologies.com.

The most notable findings reveal:

- Seamless integration of cell phones, personal organizers, personal computers and in-vehicle telematics would help vehicle owners manage their information needs.
- Drivers in these age groups would welcome email messages containing vehicle diagnostics or maintenance reminders from their automaker. Many would use that opportunity to schedule appointments at a dealership or other vehicle service providers.
- Location-based shopping is appealing if it can identify a nearby store carrying an item on the shopper's errand list or identify when the driver is near a favorite store.
- E-mail capability to the vehicle is desired only if it is filtered, allowing messages from designated individuals. Voice-activated, telematics systems to record and transmit personal reminders and messages also were of interest.
- Strong interest was expressed in telematics services involving emergency response and routing/traffic assistance, the most popular applications among current telematics subscribers and other age groups of prospective subscribers.



“This early research concludes that these younger generations of drivers not only want telematics for its primary benefits today – safety and navigation – but want the next generation of customized services for more convenience in their lives,” noted Steve Millstein, president and CEO of ATX Technologies, Inc.

The study showed about half of the participants prefer a full suite of next-generation telematics services, while the other half preferred only a basic system with safety/security functions and navigation assistance.

This difference may be explained in part by a distinction between the two generations also revealed by the study—in essence that busier, working Generation X is more interested in the time savings and productivity next-generation telematics will provide; while Generation Y appreciates the convenience of services such as navigation assistance.

Both focus groups view more in-car communications services as inevitable, likely providing greater convenience to motorists. And both groups are already heavily reliant on wireless communications devices in the car, considering them as much of a necessity for daily life as a wristwatch.

Busy, work-oriented, pragmatic Generation X participants use devices such as cell phones more often for reasons related to business or family, and they are concerned about safe use of wireless devices while driving. Generation Y participants use such devices primarily for social reasons. The popularity of cell phone use in the car may help make motorists more receptive to next-generation telematics.

Several cell phone owners in the study use the “411” feature of their phones for concierge services and are receptive to similar services on a hands-free telematics system. Furthermore, as more kinds of services become available, participants foresee convergence and coordination of information providers.

In addition, several next-generation services demonstrated consumer appeal. The study found strong interest in accessing a radio without commercials and customizing music – even down to specific songs.

Having a wider variety of musical outlets generated great interest among participants.

Not all potential aspects of telematics were found appealing, including unsolicited advertising or promotions from nearby retailers, which was rejected as too distracting.

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PRESS RELEASE



FOR IMMEDIATE RELEASE:

ATX Launches Interactive Voice Recognition (IVR) Using IBM Speech Technology to Deliver Data to Vehicles

DALLAS and DETROIT, Oct. 16, 2000 — ATX Technologies, Inc., the leading independent telematics service provider to the automotive market, today announced the launch of Interactive Voice Recognition/speech response technology (IVR) to provide motorists with enhanced navigation, safety and convenience. ATX has selected IBM's Direct Talk voice processing platform and ViaVoice speech recognition technology as the foundation for IVR.

IVR is part of the ATX line of telematics (location-based) services.

Responding in real-time to natural voice requests or commands received through interactive dialogue with the driver or passengers, IVR provides an automated means of receiving a variety of information including routing assistance, traffic reports, e-mail, stock quotes, news, weather, sports, or any Internet-based information. Drivers can keep their eyes on the road and their hands on the wheel and not have to use a keypad, console buttons or watch a dashboard screen to navigate or access information. Motorists always have the option of talking directly with an ATX response specialist.

ATX will unveil its IVR service that uses IBM's Direct Talk voice processing platform and ViaVoice speech recognition technology during individual ride-and-drive demonstrations at Convergence 2000 International Congress on Transportation Electronics in Detroit on October 16-18. ATX and IBM will demonstrate the most challenging application of the interactive technology – routing assistance.

"Motorists want a simple, voice-based system that reduces driver distraction and gets them where they need to be or the information they must have," said Steve Millstein, president and CEO of ATX Technologies, Inc. "Interactive voice delivery is the most critical step in providing motorists with a safe and convenient mobile portal. At Convergence, we will demonstrate IVR for the first time on the streets. ATX's Original Equipment Manufacturer (OEM) customers want to offer IVR to increase interaction with their customers and to build loyalty and service relationships after the sale," Millstein added.

(more)

IVR — PAGE 2

Raj Desai, IBM director of automotive development, noted ATX addresses these needs of automakers by leveraging IBM's highly scalable and modular software platforms such as WebSphere

Separate research by ATX and IBM indicates consumers view IVR and speech response technology as one of the most important features offered by any automaker with in-vehicle information systems.

How IVR Works

Through global satellite positioning and the most up-to-date street map and address directory databases, the IVR solution offers motorists traveling from point A to point B multiple routing options. Drivers in unfamiliar territory can feel confident with the highly accurate directions. IVR is also used to locate needed services such as gas stations, ATM machines, and restaurants.

“Conversational computing anytime and anywhere is here now with ATX's innovative use of IBM's voice solution,” said Ozzie Osborne, general manager, IBM Voice Systems. “Becoming lost or confused while driving to a destination will be a problem of the past, and motorists will wonder how they ever got along without the safety and convenient feature of voice navigation.”

ATX plans to announce the launch of additional IVR services in the next several months. Expansion of these next-generation voice interactive services is driven by advanced speech recognition software and the adoption of Voice eXtensible Markup Language (VoiceXML) as the standard markup language for Web-based voice-response services. ATX is a supporting member of the VoiceXML Forum, founded by voice technology leaders IBM, AT&T, Lucent and Motorola in 1999.

ATX integrates wireless communications, database functions, and location-identification technologies to provide a complete line of telematics services, such as emergency response, roadside assistance, automatic collision notification, locating critical services, stolen vehicle tracking, convenience services such as routing assistance, navigation and more. ATX serves more than 150,000 subscribers through its customers' brands, including Mercedes-Benz, Ford, Jaguar, Lincoln, and the Infiniti division of Nissan.

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ABOUT ATX TECHNOLOGIES

ATX Technologies Inc. is headquartered in Dallas. ATX provides leading-edge telematics services for mobile applications including automatic collision notification, location-based emergency response and roadside assistance, stolen vehicle tracking, navigation and other location-based information services. The company pioneered in-vehicle and automotive aftermarket applications of telematics beginning in 1995 and in 1999 introduced telematics services in handheld wireless devices. ATX customers include Mercedes-Benz, Ford, Nissan Motor Corporation's Infiniti division, Jaguar, and Lincoln-Mercury. Strategic alliances include Siebel Systems and IBM. For more information, visit www.atxtechnologies.com.

ABOUT IBM

IBM Automotive is the world leader in providing e business solutions to the auto industry. Through alliances with key partners, IBM delivers a full range of automotive specific solutions ranging from process consulting, solution design, IT outsourcing, e-business solutions for B2B and B2C commerce, and integration services that incorporate new technologies while enhancing usefulness of past IT investments. IBM's strategy of using industry standard technology and phasing the implementation of complete systems helps ensure customers receive the most comprehensive solutions at the lowest possible cost and risk. Learn more about IBM at

www.ibm.com.

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Company Profile

- Established in 1994 as a privately-held company
- ATX provides leading-edge telematics services for mobile applications including automatic collision notification, location-based emergency response and roadside assistance, stolen vehicle tracking, navigation and other location-based information services.
- Corporate headquarters are located in San Antonio, Texas; all operations are based out of a new 38,000 square foot response center in Irving (Dallas), Texas.
- Managed under the leadership of Steven W. Riebel (CEO) and Steven A. Millstein (president and COO)
- Sales in 1999 equaled \$2.2 million; estimated sales of \$8.5 million in 2000
- Approximately 250 employees

Industry Highlights

ATX played an essential role in the following turning points for the telematics industry:

- First in-vehicle telematics service in operation (Lincoln RESCU, 1996)
- First aftermarket telematics service in operation (On-guard tracking unit, 1996)
- First wireless device telematics service in operation (Garmin NavTalk phone, 1999)

Capabilities

Now available

- Emergency response
- Automotive collision notification
- Roadside assistance
- Stolen vehicle tracking
- Traffic information
- Security system notification
- Lost and found
- Remote-vehicle unlock
- Voice navigation

Under development

- Enhanced voice navigation
- Internet-accessed information
- E-mail, calendar reminders and messages

ATX TECHNOLOGIES FACT SHEET — PAGE TWO

Current Accounts

- ADT Security Services
- Alpine Electronics
- Ford
- Garmin
- Greyhound
- Jaguar
- Lincoln-Mercury
- Mercedes-Benz
- Nissan/Infiniti
- Progressive Insurance

ATX Industry Forecasts

According to recent ATX joint research projects:

- Revenues from automotive telematics services are projected to rise from less than \$40 million in 1999 to more than \$1.7 billion by 2004 (Strategis Group).
- The market forecast predicts 11 million installed systems in 2004, generating \$1.3 billion in revenue (Strategis Group).
- Although it took the industry four years to reach 100,000 customers, ATX predicts there will be nearly 1.5 million customers by the end of 2001 (Strategis Group).
- A current study reveals that a telematics system influenced the purchase decision for 37 percent of car buyers. When asked about specific system features, customers noted automatic collision notification was the most important feature (The Dohring Company).

Contact Information

For additional information contact Gary Wallace, executive director of external affairs, ATX Technologies at 972-753-6230 or Carrie Cioffi, Eisbrenner Public Relations at 248-641-1446.

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Steve Millstein
President and CEO
ATX Technologies Inc.
Irving, (Dallas) Texas

Steve Millstein is president and chief executive officer of ATX Technologies Inc. of Dallas, the largest independent telematics service provider in the nation with over 130,000 subscribers. He was previously president of Protection One Mobile Services Group from 1997 until 1999, when it combined with ATX Technologies. He also served as president of Westar Security Services, a wholly-owned subsidiary of Kansas-based Western Resources (NYSE: WR), from 1995 to 1997.

Western Resources purchased Westinghouse Security Systems, including its award-winning Mobile Services Group, from Westinghouse Electric Corporation and merged it into Westar in 1996. In 1997, Western Resources combined Westar with Protection One to create the second largest home security company in the world. At that time, Millstein assumed responsibility for the Mobile Services Group.

Before these engagements, Millstein spent 12 years at AT&T and Southwestern Bell in various marketing, sales, finance and government affairs positions. In 1987 he became vice president of marketing for Southwestern Bell Mobile Systems, one of the nation's largest cellular carriers, immediately following Southwestern Bell's acquisition of Metromedia Cellular and Paging. In 1990, Millstein directed the marketing efforts for Southwestern Bell Telephone Company to its business customers. He left Southwestern Bell in 1991 to become co-owner and vice president of marketing and sales for a manufacturing company in the Midwest. Steve holds a BA from the University of Kansas and a law degree from Washburn University in Topeka, Kansas.

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State of the Telematics Industry

February 2000



*Steve Millstein,
President and
Chief Operating Officer,
ATX Technologies*

ATX Technologies provides leading-edge telematics (wireless, location-based) services to the automobile manufacturing and wireless communications industries. The company pioneered in-vehicle telematics services with the 1996 launch of Lincoln RESCU. ATX also is experienced in working with a variety of hardware providers, location technologies, communications protocols and customers, including Ford, Mercedes-Benz, Lincoln-Mercury, Jaguar and the Infiniti Division of Nissan Motor Corp.



*Defining the world of telematics**

Following are excerpts from a recent interview with ATX President Steve Millstein on the coming year in telematics.

At the outset of the new millennium, how would you describe the state of the telematics industry? What are you most optimistic and most pessimistic about regarding this upstart industry?

Millstein: Telematics — or location-based services — is in a state of dramatic growth in multiple dimensions. We're seeing a growth in interest by the automotive OEMs, wireless carriers, and prospective consumers, as well as an increased acceptance and usage by existing customers. Although it took the industry four years to reach 100,000 customers, I'm confident that there will be nearly 1.5 million customers by the end of 2001.

I'm most optimistic about the fact that the automotive industry is recognizing that this industry is more than providing customers with added safety and security; it's about completely changing their relationship with their customers. What I'm most disappointed in — other than the frustration of not having one ubiquitous, two-way digital wireless network across North America — is that the wireless community has been slow to recognize the magnitude of the telematics market. I think that will change in 2000.

Is telematics really generating consumer demand?

Millstein: Consumer awareness remains low, but don't interpret that as a sign of a weak market. There wasn't much consumer demand for the Internet five years ago either. Very few consumers know telematics exists but that will change as Mercedes-Benz, Ford and General Motors make telematics standard across their model lines.

If consumer awareness of telematics today is relatively low, what is driving automotive manufacturers to include telematics as a standard vehicle feature?

Millstein: Automotive OEMs like Ford and Mercedes-Benz are pushing it into the market as a way to keep in contact with their customers on a continuous basis. It is too expensive and too risky to only touch their customers every four years when they are in the market for a new car. Telematics also offers automakers another form of e-commerce, enabling them to ultimately increase their revenues while decreasing expenses.

Our only goal at ATX is to help build business for our client's brand. We're not competing with an OEM on any other front. We are truly independent.



The new ATX Response Center in Dallas was opened in December to meet the rapidly growing demand for telematics services.

If customer relationship management is the primary benefit driving the OEMs to offer telematics, what is the motivation among consumers to accept it?

Millstein: Without doubt, the safety and security provided by telematics is the driving factor for consumers. They want automatic collision notification (ACN), emergency response, stolen vehicle tracking, location-based roadside assistance and remote door unlocking. These services have broad appeal across many different driving segments.

For portable wireless devices, it's primarily emergency response and roadside assistance. Every shred of research on telematics over the years substantiates this. There is also a strong interest in location-based routing assistance and real-time traffic information.

What about web-based, telematics information in the vehicle?

Millstein: I foresee desktop connectivity in vehicles by the 2002 or 2003 model years. Consumers want access to timely and accurate information wherever they are. Our need for information doesn't stop at the rocker panel. People are nodes on a network and the vehicle can also be a node. How that information is delivered will be the key.

What needs to happen for this market to explode?

Millstein: As in the early days of many new products, hardware prices are still relatively high. The price of the hardware needs to come down and I'm confident it will for several reasons. Some cost reductions are already being realized through increased volume as telematics becomes standard on

model lines. More competition in the marketplace as well as the emergence of standards will also drive down costs. Hardware costs can be reduced as OEMs put more of the functionality in response centers and less in the car. A telematics system allows the response center to download navigation data directly to the car instead of the manufacturers having to build in a disk system and player. This approach will work today and provide carmakers with lower costs and drivers with better service.

Are you confident other OEMs will enter the market?

Millstein: I don't know of any automaker that is sitting on the sidelines. General Motors' OnStar Division disclosed last summer what we've also found in our own research: even without widespread consumer awareness, a sizable number of new car purchasers will select a telematics-equipped vehicle over a non-equipped, competing model solely on the telematics issue. So, virtually every major automaker has telematics under consideration.

Hardware costs can be reduced as OEMs put more of the functionality in response centers and less in the car.

Do you see ATX in a race with General Motors' OnStar?

Millstein: Yes, because General Motors is approaching other OEMs about using their OnStar services.

So how do you compete against a competitor as large and as formidable as General Motors?

Millstein: There are several differentiating factors between ATX and OnStar. First, we provide drivers with telematics services that they want, and we focus on providing those services really well. We're not interested in offering a broad menu of services that may sound good but really add no value to the driver.

Secondly, we have unparalleled experience in the industry. From a technological perspective, we are the only provider supporting multiple wireless protocols and multiple hardware platforms. This gives our OEM customers the ability to design the programs that are right for them.

Our marketing experience also is unparalleled in the industry. We are the only telematics service provider who has experience in delivering service when telematics is standard on all vehicle platforms. We know how to work with customers and dealers to make the experience simple and rewarding. The details of delivering this service to drivers as a standard feature on a car are markedly different than when it is optional.

Finally, telematics is not about adding an electronics protocol to a vehicle; it's about an innovative new means to enhance an automaker's

ties to its customers. Those OEMs who understand this should not carelessly hand over their customers to General Motors. Our only goal at ATX is to help build business for our client's brand. We're not competing with an OEM on any other front. We are truly independent.

Do you foresee other competitors entering the telematics market and, if so, from where?

Millstein: Without question, other competitors will emerge. With the huge market potential we're looking at, it will attract others. Early on in this business, I think a lot of people simply viewed telematics as something you append onto roadside assistance. I don't see viable competitors coming out of that industry. That's a low-tech industry and telematics has become high-tech. It's a high-tech game requiring deep experience in wireless technologies, Internet content and customer relationship management, not to mention the need to invest in sophisticated networks, alliances and resources.

I see the competition coming from the tech-side — Microsoft, America On-Line, Yahoo. Telematics is quickly overlapping into their areas of expertise. Telematics is all about customer connectivity to information, location-based and otherwise.

Why haven't we seen the quick adoption of telematics services by wireless carriers?

Millstein: Well, the wireless industry has been preoccupied with challenges generated by continued, rapid growth; network build-out; and industry consolidation. And, they've viewed location-based services as something linked to the E-911 mandate. They are a couple of years behind the automotive industry, but have the potential to catch up and implement much quicker. While the automotive industry is discovering the customer relationship value of telematics from the emergency response perspective, I believe the value of telematics is being discovered by the wireless community from the other end of the spectrum — from their investigation into wireless data services.



From a technological perspective, we are the only provider supporting multiple wireless protocols and multiple hardware platforms. This gives our OEM customers the ability to design the programs that are right for them.

What is p-commerce?

Millstein: Simply put, position-commerce (p-commerce) is e-commerce with a location element. As location-based drivers become more ubiquitous, a new industry will emerge. Today, we let the user know about the environment, such as the traffic ahead. In the future, we will let the environment know about the user. For example, McDonald's will know when a telematics user matching the profile of a McDonald's customer is within the proximity of one of their restaurants between

11 a.m. and 2 p.m. McDonald's will then be able to send a message to that person. Of course, the customer will have the ability to decline to be part of this p-commerce application, but will most likely be rewarded (with discounts) if they do.

Do you think automakers will eventually compete with wireless carriers?

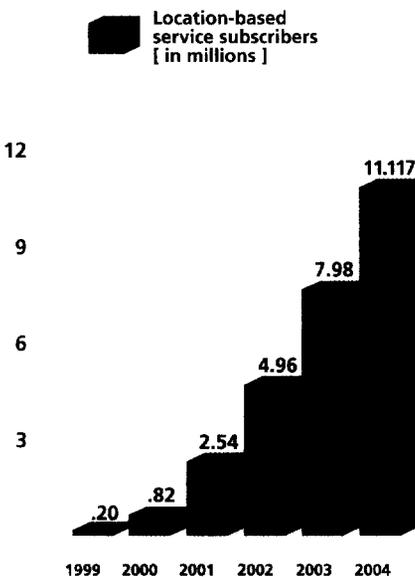
Millstein: It's merely a possibility from today's perspective. Ultimately, I think we will see them cooperating. The wireless carriers want the customers that the OEM's car brings, and the OEM wants lower costs, higher bandwidth and ubiquitous service.

And telematics will continue to be standard on additional model lines.

On the service side, automatic collision notification will receive a lot more public attention this year. We'll begin to see a more robust offering of navigation services and significant progress made on a real-time traffic product. But, most importantly, I think this is the year we'll see some dramatic news on who gets into this game as a serious player. Telematics will no longer be a mere division within the dark depths of an automaker — it will emerge this year as a full-fledged industry.

Market forecast for automotive telematics

Revenues from automotive telematics services are projected to rise from less than \$40 million in 1999 to over \$1.7 billion by 2004.

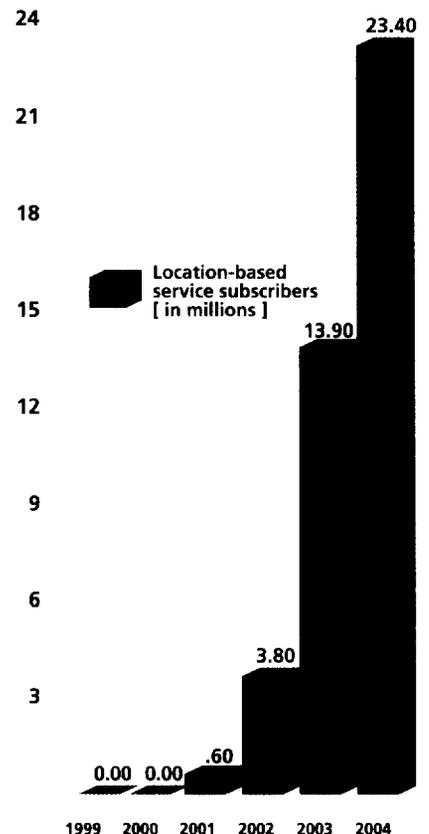


The Strategis Group, Inc. 1999

Last year, you made several predictions that came true — we did see telematics go standard across an entire model line and another OEM (Jaguar) jump into the telematics arena. What does your crystal ball foresee in the coming year?

Millstein: Don't forget the one prediction that didn't come true. I thought we would have seen more than one GPS-equipped handset out in the market by now. I will limit my predictions to these: A couple more automakers will enter the telematics arena, and today's primary players — Daimler-Chrysler, Ford and GM — will become much more aggressive.

Market forecast for wireless telematics



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