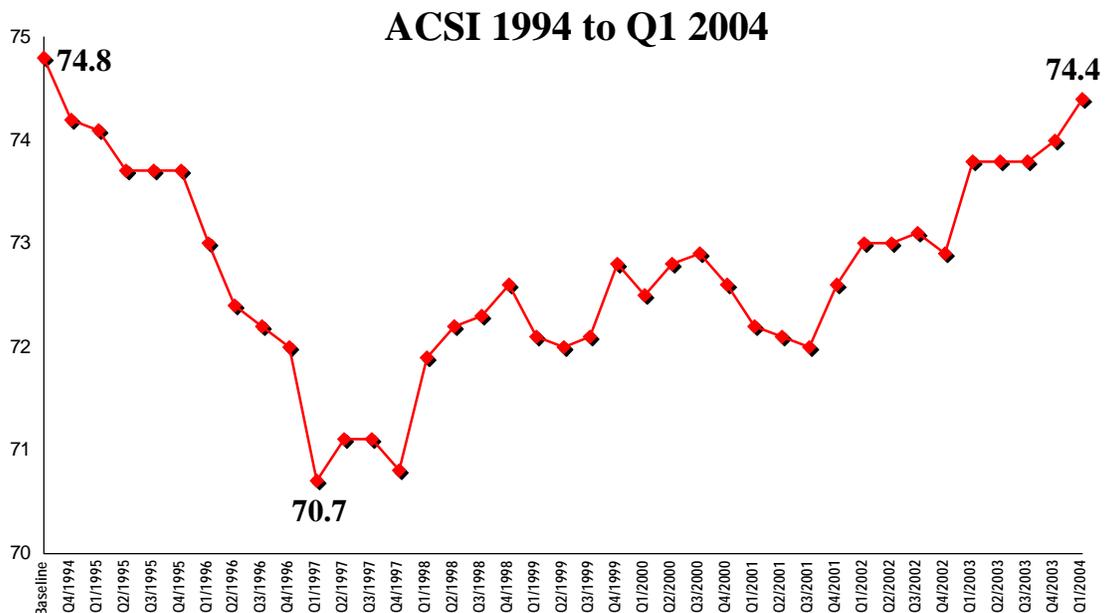


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Latest Increase in ACSI Bodes Well for the Economy

American Customer Satisfaction Index Rises on Strength of Services Sector; Telecommunications Fares Less Well, Wireless Providers Weak

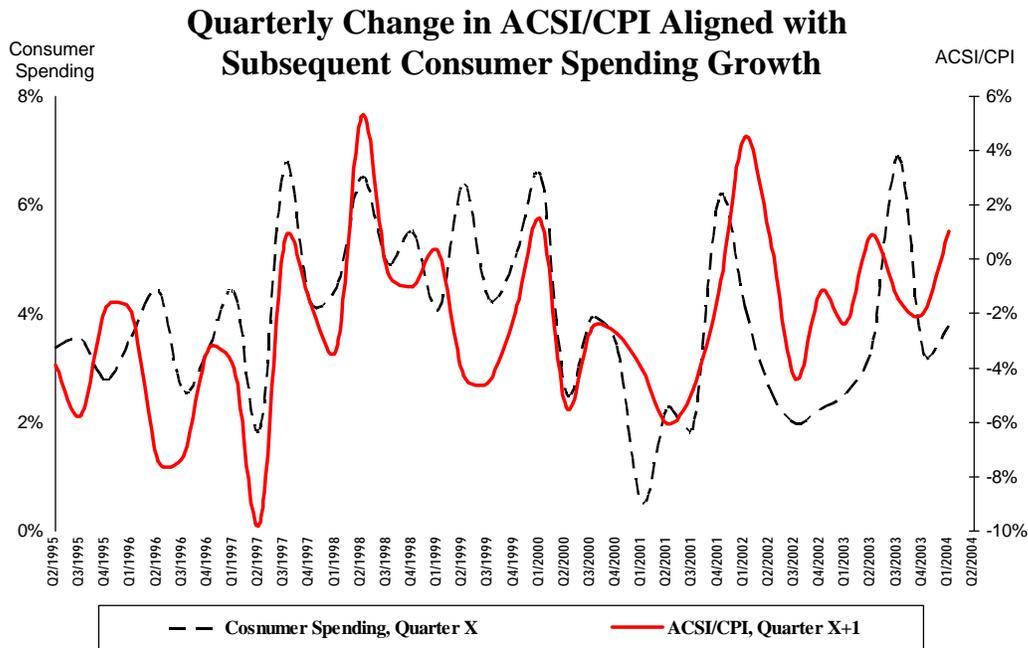
Ann Arbor, MI (June 3, 2004) --The American Customer Satisfaction Index (ACSI) is projecting continued growth in consumer spending, based on results from the first quarter of 2004. The ACSI increased to 74.4 on the Index's 100-point scale in the first quarter of 2004 as compared to 74.0 in the fourth quarter of 2003, according to the report released today. The projected growth in household spending is based on the improvement in customer satisfaction, which historically fuels appetite for further consumption.



“This is a healthy increase in Americans’ satisfaction with their buying experiences, and is the continuation of a two-quarter upward movement,” said Claes Fornell, who heads the Index at the University of Michigan. “Positive consumption experiences contribute to increased consumer demand and stimulate household spending. Based on the economy’s customer satisfaction performance in the first quarter, we can expect a fairly strong

increase in household spending. Since consumer spending accounts for two-thirds of the Gross Domestic Product, it is vital to economic growth.”

In general, a change in the ACSI in one quarter, adjusted for CPI, is followed by a similar change in consumption in the following quarter. The ACSI has proved to have a stronger relationship with subsequent quarterly consumer spending growth than household income, debt, interest rates, or consumer confidence. The Index bases its projections on ten years of data demonstrating a link between customers’ buying experiences and their propensity for future spending. For the first quarter of 2004, the ACSI forecast spending growth of 4.2%. The revised figure from the Bureau of Economic Analysis shows actual growth in the first quarter at 3.9%. ACSI forecasts that second quarter consumer spending growth will range between 3.9% and 4.4%, much depending on changes in the price of gasoline.



The service sector accounted for much of the overall increase in the ACSI, offsetting a decline in the transportation/communications/utilities sector. The report had good news for Hilton Hotels and FedEx, a confirmation that cable and satellite TV are doing little to get better, and a wake-up call for the major wireless service providers.

At the industry and company level, there is a mixed picture of who is strong and who is weak at satisfying customers.

Cable and satellite television remains unchanged at 61 following a three-point drop in 2002.

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“The cable/satellite industry has shown absolutely no improvement in three years, and it was already a pretty weak performer when it registered a sharp decline in satisfaction three years ago,” said Fornell.

Highlights and lowlights of the industry include:

- DIRECTTV and Echostar are well ahead of the industry’s performance, both scoring 71, below the national average of all industries measured but much better than their cable TV rivals.
- Comcast and Charter each increased one point to 56, but are substantially below where they were in 2001 (64 and 63 respectively).

Airlines also continue to disappoint passengers, falling one point to 66.

“In an environment of increasing fuel costs, intense competition from discount carriers, and continual labor challenges, it is not surprising that many of the airlines are having difficulty providing good passenger service,” said Fornell. “Most carriers are looking for ways to cut costs. In fact, some have said that this is their top priority. Under these circumstances it is not easy to improve customer service, especially when cost-cutting is directed at labor.”

Highlights and lowlights of the airline industry include:

- Southwest remains the top-performing airline, despite a two-point drop to 73. Their performance shot up to 74 from 70 in 2002 and improved again slightly in 2003.
- USAirways, already in financial trouble, won’t like the news that the passengers on whom it relies for future business are less satisfied than last year. It is the worst-performing airline in terms of customer satisfaction, with a score of 62 (down from 64) and the airline has not broken 65 since 1998.
- Other major airlines are clustered relatively closely in the 64-67 range, well below the national average.

Because of the growing importance of cellular telephone service, the ACSI now measures both cell phone manufacturers and wireless service providers. The wireless service industry earned only a 65 on the ACSI’s 100-point scale, nearly ten points below the national average of all industries measured, and well behind traditional fixed-line phone service. Manufacturers of cell phone equipment did slightly better at 69. The picture this reveals is one of weakness relative to most other types of companies serving Americans.

“Wireless is an industry to watch,” said Jack West, past president of ASQ. “Now that we’re seeing how wireless stacks up against other industries, it is disturbing that one of America’s supposedly cutting-edge industries is not doing better.”

The wireless and cell phone manufacturers’ highlights include:

- Verizon Wireless emerged as the clear leader in a lackluster field, earning a score of 68. The wireless competition is substantially behind Verizon—with Cingular at 63, AT&T clocking in at 61, and Sprint lagging the industry at 59.
- The gap among cell phones is less substantial, with Samsung (73), Nokia (72), Kyocera (70), and Motorola (70) all clustered fairly closely together.
- The wireless industry scores below “traditional” fixed-line telephone service, which was also measured this quarter and fell one point to 71. This, however, is a full ten points below what the telecommunications industry scored when first measured in 1994.

The newspaper industry, struggling through most of the ACSI’s ten-year history, surged four points to 68.

The movie industry also improved in the eyes of film-goers, but only a little. The industry increased two points to 73, still well short of its high-water mark of 77 in 1995.

Newspapers and movie studios are measured as overall industries and individual companies are not named in the Index.

“It’s interesting that we see a burst of strength in some ‘old’ industries, such as newspapers and movies at the same time that we find out newer services such as cell phones fall well short of customer expectations,” said West. “Part of customers’ satisfaction with wireless is simple network reliability, which is a baseline requirement for companies in the business. With all its convenience, wireless should be able to out-perform fixed-line phone service.”

The service sector’s strength was buoyed by a reasonably strong increase in hospital patient satisfaction, up three points over last year to 76. This is the highest score hospitals have ever achieved, and the first time they have scored above the national average.

Hotels, included in the services sector, dropped one point to 72. Hilton registered a strong gain, up three points to 77, virtually tied with Marriott, which has stayed steady at 76 for the past three years.

Other industries measured this quarter include fixed-line telecommunications, energy utilities, and parcel delivery service.

Parcel delivery helped push the overall ACSI up with a two-point increase, from 79 to 81. FedEx, with a score of 83, is one of the stronger performers of the roughly 200 companies measured by name in the ACSI each year.

The energy utilities industry also varied little. The industry score currently stands at 72, dropping slightly from the previous year’s 73. However, there is considerable variation among individual utilities, ranging from a high of 81 for the Southern Company to a low of 66 for Pacific Gas & Electric.

About the ACSI

The ACSI is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. It is updated each quarter with new measures for different sectors of the economy replacing data from the prior year. The overall ACSI score for a given quarter factors in scores from about 200 companies in 40 industries and from government agencies over the previous four quarters.

The index is produced by a partnership of the University of Michigan Business School, American Society for Quality and CFI Group, and supported in part by ForeSee Results, corporate sponsor for online scores, and Market Strategies Inc., a major corporate contributor.

Company scores and other information about the ACSI can be found on the ACSI Web site:
www.theacsi.org.

ACSI Over Time (Q1 2004 companies and industries)																
															% Change from last year	% Change from 1st year
		Baseline	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004				
TRANSPORTATION - COMMUNICATIONS - UTILITIES		75.5	75.1	75.5	71.6	71.2	70.3	70.6	68.4	70.2	70.9	69.7			-1.7%	-7.7%
Parcel Delivery-Express Mail		81	81	85	80	78	79	81	78	79	79	81			2.5%	0.0%
	Federal Express Corporation	85	85	86	82	80	83	83	82	82	82	83			1.2%	-2.4%
	United Parcel Service, Inc.	82	83	87	82	77	79	81	78	80	79	80			1.3%	-2.4%
	U.S. Postal Service-Package & Express	69	70	74	70	75	75	75	73	73	75	77			2.7%	11.6%
U.S. Postal Service		61	69	74	69	71	71	72	70	73	72	74			2.8%	21.3%
Airlines		72	69	69	67	65	63	63	61	66	67	66			-1.5%	-8.3%
	All Others	NM	70	74	70	62	67	63	64	72	74	73			-1.4%	4.3%
	Southwest Airlines Co.	78	76	76	76	74	72	70	70	74	75	73			-2.7%	-6.4%
	Continental Airlines, Inc.	67	64	66	64	66	64	62	67	68	68	67			-1.5%	0.0%
	Delta Air Lines, Inc.	77	72	67	69	65	68	66	61	66	67	67			0.0%	-13.0%
	AMR Corporation (American Airlines)	70	71	71	62	67	64	63	62	63	67	66			-1.5%	-5.7%
	Northwest Airlines Corporation	69	71	67	64	63	53	62	56	65	64	64			0.0%	-7.2%
	UAL (United Airlines)	71	67	70	68	65	62	62	59	64	63	64			1.6%	-9.9%
	US Airways Group, Inc.	72	67	66	68	65	61	62	60	63	64	62			-3.1%	-13.9%
Telecommunications - Fixed Line (Local and Long Distance)		81	80	79	75	74	73	72	70	71	72	71*			-1.4%	-12.3%
	AT&T Corp.	85	83	83	80	81	79	75	73	73	76	76			0.0%	-10.6%
	All Others	77	76	77	75	74	73	74	69	73	75	74			-1.3%	-3.9%
	BellSouth Corporation	83	83	83	78	78	76	75	74	74	74	73			-1.4%	-12.0%
	Verizon Communications Inc.	NM	NM	NM	77	73	74	73	73	71	73	73			0.0%	-5.2%
	MCI Group	75	75	78	72	74	73	70	70	70	67	70			4.5%	-6.7%
	SBC Communications Inc.	NM	NM	NM	NM	71	71	70	66	67	67	68			1.5%	-4.2%
	Sprint FON Group	79	83	80	76	76	74	70	71	74	73	65			-11.0%	-17.7%
	Qwest Communications International Inc.	77	76	74	71	68	67	64	61	56	62	64			3.2%	-16.9%
*2004 company scores reflect both local and long distance service; prior years reflect local only (Bell South, Qwest, SBC), long distance only (AT&T, MCI, Sprint) or both (Verizon, All Others).																
Telecommunications - Wireless Service		NM	65		NA	NA										
	All Others	NM	70		NA	NA										
	Verizon Wireless	NM	68		NA	NA										
	Cingular Wireless LLC	NM	63		NA	NA										
	AT&T Wireless Services, Inc.	NM	61		NA	NA										
	Sprint PCS Group	NM	59		NA	NA										
Cell Phones		NM	69		NA	NA										
	Samsung Corporation	NM	73		NA	NA										
	Nokia Corporation	NM	72		NA	NA										
	Kyocera Corporation	NM	70		NA	NA										
	Motorola, Inc.	NM	70		NA	NA										
	All Others	NM	64		NA	NA										

