

DESCRIPTION OF THE TRANSACTION AND PUBLIC INTEREST STATEMENT

By this Application, and pursuant to Section 310(d) of the Communications Act of 1934, as amended (“Act”), T-Mobile License LLC (“T-Mobile”) and Cellco Partnership d/b/a Verizon Wireless (“Cellco” or “Verizon Wireless”) (collectively, the “Applicants”) request the consent of the Federal Communications Commission (“FCC” or “Commission”) to a number of full and partial assignments of Advanced Wireless Services (“AWS”)¹ licenses by and between T-Mobile and Verizon Wireless. As discussed in more detail below, the proposed license assignments will serve the public interest and are fully consistent with the Act. The proposed assignments constitute spectrum exchanges that will rationalize each Applicant’s spectrum holdings and create larger contiguous blocks of spectrum, helping each meet the growing demands of consumers for wireless broadband services.

For the reasons set forth below, the Applicants submit that Commission approval of the proposed transaction is consistent with the public interest, convenience and necessity and should be granted expeditiously.

I. DESCRIPTION OF THE TRANSACTION

This transaction consists solely of the exchange of AWS spectrum by and between T-Mobile and Verizon Wireless; it does not include any transfer of any other assets, facilities, or customers, and no domestic or international Section 214 authorizations will be assigned. The transaction involves licenses in 218 Cellular Market Areas (“CMAs”) and will result in a total net transfer of approximately 390 million MHz*POPs to T-Mobile. In particular:

- In 76 CMAs, the transaction involves intra-market swaps of equal amounts of AWS spectrum. These one-for-one spectrum swaps, which will not result in any change in the aggregate spectrum held by each party, will increase the amount of contiguous spectrum held by each of the Applicants and will allow each to use its spectrum more efficiently than is possible with non-contiguous spectrum, thereby enhancing capacity and data-throughput in their respective networks;
- In 125 CMAs, the transaction involves a net transfer of AWS spectrum to T-Mobile – 10 MHz in 111 CMAs and 20 MHz in the other fourteen. Some of these assignments involve spectrum currently held by SpectrumCo, LLC and Cox TMI Wireless, LLC (the “SpectrumCo-Cox Assignments”) and Leap Wireless International Inc. (the “Leap Assignments”) that are the subject of separate assignment applications;² and

¹ “AWS” refers to the 1710-1755/2110-2155 MHz bands.

² See *Cellco Partnership d/b/a Verizon Wireless, SpectrumCo, LLC and Cox TMI Wireless, LLC Seek FCC Consent to the Assignment of AWS-1 Licenses*, Public Notice, 27 FCC Rcd 360 (2012); Application of Cellco Partnership d/b/a Verizon Wireless and SpectrumCo LLC, WT Docket No. 12-4, File No. 0004993617 (filed Dec. 16, 2011) (“Verizon Wireless-SpectrumCo Application”); Application of Cellco Partnership d/b/a Verizon Wireless and Cox TMI Wireless,

- In 17 CMAs, the transaction involves a net transfer of AWS spectrum to Verizon Wireless – 10 MHz in 14 CMAs and 20 MHz in the other three. In those markets, Verizon Wireless currently holds no AWS spectrum.

To accomplish this transaction, the Applicants have filed five applications. File No. 0005272585 is the lead application. This application and two others that are being filed on paper pertain to the proposed assignments of spectrum from Verizon Wireless to T-Mobile. The applications filed on paper contain call signs involved in pending assignments to Verizon Wireless and thus could not be filed electronically in the Commission's Universal Licensing System (one of these addresses proposed full license assignments, while the other addresses proposed partitioning or disaggregation). Two additional applications pertain to the proposed assignments from T-Mobile to Verizon Wireless (one of these addresses proposed full license assignments, while the other addresses proposed partitioning or disaggregation). Any spectrum leases on the licenses to be assigned will be terminated at or prior to closing.

The proposed license assignments will all occur simultaneously upon closing, contingent upon regulatory approval of the instant transaction and regulatory approval and closing of the SpectrumCo-Cox Assignments and the Leap Assignments.

II. DESCRIPTION OF THE APPLICANTS

T-Mobile. T-Mobile is a wholly-owned subsidiary of T-Mobile USA, Inc. ("T-Mobile USA") and part of the family of companies that operate under the T-Mobile® brand name. Led by a management team with decades of collective experience in the telecommunications industry, T-Mobile USA, headquartered in Bellevue, Washington, operates one of the largest wireless businesses in the United States and provides service to millions of subscribers. As such, T-Mobile is financially, technically and otherwise well qualified to integrate the subject market areas and frequency bands into its existing operations. An FCC Form 602 providing current ownership information for T-Mobile is on file with the Commission.³

LLC, WT Docket No. 12-4, File No. 0004996680 (filed Dec. 21, 2011); *Verizon Wireless and Leap Wireless Seek FCC Consent to the Exchange of Lower 700 MHz Band A Block, AWS-1, and Personal Communications Service Licenses*, Public Notice, 26 FCC Rcd 16810 (2011); Application of Cellco Partnership d/b/a Verizon Wireless and Leap Wireless International Inc., File Nos. 0004942973 *et al.* (filed Nov. 23, 2011). All of the exchanges and acquisitions that are the subject of the instant application would take place after regulatory approval and consummation of the SpectrumCo-Cox Assignments and the Leap Assignments.

³ Based on prior guidance from the Wireless Telecommunications Bureau, the Form 602 filing for T-Mobile satisfies the ownership reporting requirements of Sections 1.919 and 1.2112(a) of the Commission's rules for its wholly-owned subsidiaries. *See* 47 C.F.R. §§ 1.919, 1.2112(a); *see also* *Wireless Telecommunications Bureau Answers Frequently Asked Questions Concerning Reporting of Ownership Information on FCC Form 602*, Public Notice, 14 FCC Rcd 8261, 8264-65 (WTB 1999).

Verizon Wireless. Cellco is a general partnership, which is ultimately owned and controlled by Verizon Communications Inc. (“Verizon”) and Vodafone Group Plc. (“Vodafone”). Verizon Wireless, headquartered in Basking Ridge, New Jersey, operates one of the largest wireless businesses in the United States and provides service to millions of subscribers. As such, Verizon Wireless is financially, technically and otherwise well qualified to integrate the subject market areas and frequency bands into its existing operations. Additional information as to Cellco’s ownership is provided in its Form 602, which is on file with the Commission.

III. THE LICENSE ASSIGNMENTS ARE CONSISTENT WITH THE PUBLIC INTEREST AND SHOULD BE GRANTED EXPEDITIOUSLY.

Section 310(d) of the Act requires that the Commission determine whether the transaction presented herein is consistent with the public interest, convenience and necessity.⁴ The Commission previously has determined that an application that demonstrates on its face that a transaction meets the public interest, and neither violates the Act or Commission rules nor undermines Commission policies, does not require extensive review or merit expenditures of scarce Commission resources.⁵ Indeed, no detailed showing of benefits is required for transactions where there are no anti-competitive or other foreseeable adverse effects.⁶ The Commission has determined that, where a transaction will not reduce competition and the acquiring party possesses the requisite qualifications to control the licenses in question, a “demonstration that benefits will arise from the transfer is not ... a prerequisite to our approval, provided that no foreseeable adverse consequences will result from the transfer.”⁷

The instant applications meet this standard and should be granted expeditiously. The proposed license assignments comply with all Commission rules, require no waivers, and will not result in any violation of the Act or any other applicable statutory provision. Both T-Mobile and Verizon Wireless are plainly qualified to hold the licenses, and the Commission repeatedly has found this to be the case.⁸

⁴ 47 U.S.C. § 310(d).

⁵ See *Tele-Communications, Inc. and AT&T Corp.*, 14 FCC Rcd 3160, 3170 ¶ 16 (1999); *Ameritech Corp. and SBC Communications Inc.*, 14 FCC Rcd 14712, 14740-41 ¶ 54 (1999).

⁶ See *Southern New England Telecommunications Corp. and SBC Communications, Inc.*, 13 FCC Rcd 21292, 21315 ¶ 45 (1998); *Pacific Telesis Group and SBC Communications, Inc.*, 12 FCC Rcd 2624, 2627 ¶ 2 (1997) (“*Pacific Telesis-SBC Order*”).

⁷ *Pacific Telesis-SBC Order*, 12 FCC Rcd at 2627 ¶ 2; see also *Comcast Cellular Holdings, Co. and SBC Communications, Inc.*, 14 FCC Rcd 10604, 10608-09 ¶ 10 (WTB 1999).

⁸ See, e.g., *T-Mobile USA, Inc. and Suncom Wireless Holdings, Inc.*, 23 FCC Rcd 2515, 2519-20 ¶ 10 (2008); *Wireless Telecommunications Bureau, Assignment of License Authorization Applications et al., Action*, Public Notice, Report No. 7718, at 3-4 (Apr. 25, 2012) (consenting to File Nos. 0005005682 *et al.*); *Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC*, 23 FCC Rcd 17444, 17465 ¶ 33 (2008) (“*Verizon Wireless-ALLTEL Order*”); *Cellco*

The assignments do not raise competitive concerns. Because only spectrum is being assigned, and not an operating entity, the proposed transaction will not result in any reduction in the number of competitors in any market. What it will accomplish is to allow each Applicant to better rationalize its spectrum holdings and, by substantially increasing the extent to which each Applicant holds contiguous spectrum blocks, enhance its spectrum capacity to provide improved and more competitive services to consumers. In addition, T-Mobile will be able to deploy LTE service more broadly and more robustly than is currently possible with its existing spectrum holdings, and Verizon Wireless will be able to better meet the broadband demands of its LTE customers. Moreover, the spectrum screen is not triggered in any of the markets at issue with only one limited exception. Finally, because none of the licenses currently is subject to any installment financing, bidding credits, or restrictions on ownership based on designated entity status, approval of these applications will not result in any unjust enrichment concerns.⁹

In short, the assignments will not frustrate or impair the Commission's implementation of the Act, and will in fact further the public interest as discussed below.

A. The Transaction Will Allow Each Applicant to Better Rationalize Its AWS Spectrum and Use It More Efficiently for the Benefit of Consumers.

Consumer demand for broadband services across the wireless industry is exploding.¹⁰ For example, CTIA reports that annual U.S. wireless data traffic grew 123 percent from 2010 to 2011.¹¹ This transaction will serve the public interest by allowing each of the Applicants to better rationalize its spectrum holdings by improving spectrum contiguity and aligning spectrum blocks in adjacent markets, and by obtaining additional spectrum capacity in specific markets where needed to meet this growing broadband demand. Specifically, the transaction will result in the following public interest benefits:

The Intra-Market Spectrum Swaps Will Increase the Contiguity of Spectrum Held by the Applicants and Align Spectrum Blocks in Adjacent Markets to Allow Each Applicant to Improve Efficiency and Enhance Capacity. Under the proposed intra-market spectrum swaps in 76 CMAs, T-Mobile and Verizon Wireless will assign equal amounts of AWS spectrum to each other within the same market, providing each Applicant with blocks of newly contiguous

Partnership d/b/a Verizon Wireless and Rural Cellular Corp., 23 FCC Rcd 12463, 12477-78 ¶ 27 (2008).

⁹ See 47 C.F.R. § 1.2111.

¹⁰ See, e.g., Application of AT&T Mobility LLC and T-Mobile License LLC, WT Docket No. 12-21, File No. 0005005682, Ex. 1 at 4-5 (filed Dec. 16, 2011); Verizon Wireless-SpectrumCo Application, Ex. 1 at 7-10.

¹¹ CTIA-The Wireless Association, *Semi-Annual Wireless Industry Survey* (Apr. 13, 2012); see also Cisco, *Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2011-2016*, at 3, 14 (Feb. 14, 2012) (estimating that 4G traffic will grow from six percent to 36 percent of global mobile data from 2011 to 2016), http://www.cisco.com/en/US/solutions/collateral/ns341/ns525/ns537/ns705/ns827/white_paper_c11-520862.pdf.

spectrum whereas their spectrum is currently split among non-contiguous blocks.¹² Swaps of spectrum blocks to achieve greater contiguity will also occur in most of the markets where the assignments of spectrum will result in a net increase in the spectrum held by one of the Applicants. Operating on contiguous blocks of spectrum and aligning spectrum blocks in adjacent markets allows wireless providers to use frequencies for data transmissions otherwise dedicated to guard bands, provides efficiency benefits and access to greater capacity, and allows the Applicants to take better advantage of improved wideband technologies. Thus, the intra-market spectrum swaps will enhance competition and improve both Applicants' quality of services in the wireless marketplace.

The Transfer of AWS Spectrum to T-Mobile Will Expand Capacity and Improve Data Throughput Speeds. As T-Mobile has previously stated, it is facing spectrum constraints in many markets despite substantial investments in spectrum and network facilities. In particular, it is experiencing rapidly rising demand for data services. At the end of the third quarter of 2011, 10.1 million T-Mobile customers were using 3G/4G smartphones, up 40 percent as compared to the end of the third quarter of 2010.¹³ As the voice-centric customer migrates to data-centric services provided over HSPA+, T-Mobile has found:

- increased per user data usage as mobile applications proliferate and develop;
- increased load from mobile applications, which typically involve frequent interaction with the web;
- significant growth of mobile video and streaming media traffic; and
- additional data traffic as voice-centric communications become supplanted by data-centric messaging, including the use of VoIP.¹⁴

All of this translates into a significant increase in demand for spectrum across T-Mobile's market areas.

To cope with this growing demand from its customers, T-Mobile requires access to additional spectrum. T-Mobile has employed, and will continue to employ, ways to use its existing spectrum efficiently and avoid spectrum exhaust, including a complex "double refarming" of its existing AWS and PCS spectrum to clear spectrum for use in its LTE roll-out. Yet even with that aggressive network modernization plan, access to additional spectrum remains essential to enable T-Mobile compete vigorously in the broadband wireless marketplace. With the additional spectrum being acquired in this transaction, T-Mobile will be able deploy LTE in a number of markets where it would otherwise have been impossible or where such LTE services would have been limited to a 5x5 MHz deployment given T-Mobile's existing spectrum holdings. This spectrum will assist T-Mobile in coping with consumers' increasing demand.

¹² In the Buffalo, NY and Honolulu, HI markets, only T-Mobile will gain contiguous spectrum.

¹³ *T-Mobile USA Reports Third Quarter 2011 Results*, at 1 (Nov. 10, 2011), http://s.tmocache.com/Company/pdf/English/TMUS_Q3_2011_Press_Release.pdf.

¹⁴ Acquisition of T-Mobile USA, Inc. by AT&T, Inc., Declaration of Dr. Kim Kyllesbech Larsen, WT Docket No. 11-65, at 6-7 (Apr. 21, 2011).

The Transfer of AWS Spectrum to Verizon Wireless Will Provide Needed Additional Spectrum in Markets in the Western U.S. Where Verizon Wireless Currently Does Not Hold AWS Licenses. Verizon Wireless has previously explained that even with its continuing investment in significant network enhancements, its current spectrum holdings will not provide sufficient capacity to meet the growing demand for mobile broadband – 4G, in particular – by 2013 in some areas and by 2015 in many more.¹⁵ These needs are particularly acute in these markets and elsewhere in the west, where the company currently holds 700 MHz C block spectrum but no AWS spectrum. With the acquisition of AWS spectrum from the SpectrumCo-Cox Assignments, Verizon Wireless will gain 20 MHz of AWS spectrum to address capacity constraints – but as Verizon Wireless has demonstrated, adding 20 MHz to the 700 MHz C Block spectrum will not be sufficient to fully address growing consumer demand on Verizon Wireless’ 4G LTE network.¹⁶ The spectrum covered by these license assignments will enable Verizon Wireless to generally add an additional 10 MHz of needed AWS capacity to its 4G LTE network in the 17 western CMAs.

B. The Transaction Raises No Competitive Concerns.

The only assets being assigned in the instant transaction are AWS licenses. The transaction will therefore not reduce the number of choices for wireless services that consumers have in each of the licensed areas, nor the number of local or national wireless competitors. The Commission thus does not face any issues in these applications relating to the competitive impacts of a consolidation of two operating entities or the acquisition of customers. Indeed, post-transaction, T-Mobile and Verizon Wireless will each have spectrum in all of the affected markets.

Moreover, an analysis using the screens that the Commission traditionally applies in spectrum license assignments confirms that this transaction does not harm competition. Two of the three screens the Commission uses to identify markets where there may be potential competitive harm – which both pertain to changes to the post-transaction market share (as analyzed by the Herfindahl-Herschman Index or “HHI”) are not affected because the transaction would result in no change in those shares. The only other screen the Commission uses to determine whether to conduct a competitive analysis, the “spectrum screen,”¹⁷ is not triggered in any area where T-Mobile is acquiring spectrum and is only slightly exceeded in three of five counties of a single Verizon Wireless market, Minnesota 8-Lac qui Parle (CMA489), where Verizon will hold 10 MHz less spectrum upon closing of this transaction. As a result, except in

¹⁵ See Supplemental Declaration of William H. Stone, Executive Director of Network Strategy for Verizon, at ¶¶ 3, 10 (“Stone Suppl. Decl.”), attached as Exhibit 2 to Joint Opposition of Cellco Partnership d/b/a Verizon Wireless, SpectrumCo, LLC and Cox TMI Wireless, LLC to Petitions to Deny and Comments, WT Docket No. 12-4 (Mar. 2, 2012) (“Joint Opp.”).

¹⁶ See, e.g., Letter from Tamara Preiss, Verizon, to Marlene H. Dortch, FCC, WT Docket No. 12-4, Att. (Jun. 1, 2012); Letter from Tamara Preiss, Verizon, to Marlene H. Dortch, FCC, WT Docket No. 12-4, at 2, Att. 1 at 5 (May 31, 2012).

¹⁷ *AT&T Inc. and Qualcomm Inc.*, 26 FCC Rcd 17589, 17602 ¶ 31 (2011).

this one market, the Applicants will be below the Commission's spectrum screen of 145 MHz.¹⁸ In no market will Verizon Wireless hold more than 40 MHz of AWS spectrum. And Verizon Wireless' spectrum holdings will be even lower upon completion of the public process that is underway to sell its existing 700 MHz A and B block licenses.¹⁹

Attached as *Exhibit 2* are charts depicting the CMRS spectrum holdings of T-Mobile and Verizon Wireless, respectively, in each of the relevant markets both before and subsequent to consummation of the license assignments. Each chart assumes the consummation of other pending transactions involving T-Mobile or Verizon Wireless, as applicable, and thus the columns listing current spectrum holdings incorporate those transactions. Also attached as *Exhibit 3* is a chart depicting the identity of the various terrestrial-based wireless licensees holding spectrum in each market subject to this transaction.

IV. FOREIGN OWNERSHIP

T-Mobile. T-Mobile is a wholly-owned subsidiary of T-Mobile USA, which, in turn, is a wholly-owned, indirect subsidiary of Deutsche Telekom AG ("DT"), a publicly-traded German corporation.²⁰ Through DT, foreign entities and persons indirectly hold 100 percent of the attributable ownership interests in T-Mobile USA. On April 27, 2001, the Commission issued an order granting the applications of T-Mobile USA (then named VoiceStream Wireless Corporation ("VoiceStream")) for authority to transfer control of its licensee subsidiaries – including T-Mobile (then known as VoiceStream PCS BTA I License Corporation) – to a wholly-owned U.S. subsidiary of DT to effect a merger between VoiceStream and DT.²¹ In that order, the Commission approved a petition for declaratory ruling under Section 310(b)(4) of the Communications Act authorizing up to 100 percent indirect foreign investment in T-Mobile USA and its licensee subsidiaries (including the T-Mobile) by DT and its German shareholders, and by the German government through its investment in DT.²²

¹⁸ See *Verizon Wireless-ALLTEL Order*, 23 FCC Rcd at 17477-78 ¶ 64.

¹⁹ See Letter from Kathleen M. Grillo, Verizon, to Rick Kaplan, FCC, WT Docket No. 12-4 (May 22, 2012).

²⁰ Germany is a signatory to the World Trade Organization ("WTO") Basic Agreement on Telecommunications.

²¹ See *VoiceStream Wireless Corp., Powertel, Inc. and Deutsche Telekom AG*, 16 FCC Rcd 9779 (2001) ("*VoiceStream-DT Order*"). The transfer of control of T-Mobile to DT was consummated on May 31, 2001.

²² See *id.* at 9845-46 ¶¶ 127-28. Since consummation of the T-Mobile-DT merger, there has been a *decrease* in the Federal Republic of Germany's ownership interest in DT and, indirectly, in T-Mobile, from 45.7 percent to 31.98 percent. The FCC most recently approved DT's foreign investment in connection with the transfer of control of Wireless Alliance, LLC and its wholly-owned licensee subsidiary from the Lessor to T-Mobile. See Public Notice, *International Authorizations Granted*, ISP-PDR-20090826-00008, DA No. 09-2631 (Dec. 24, 2009).

Verizon Wireless. Cellco is ultimately owned and controlled by Verizon and Vodafone. Verizon, a Delaware corporation, owns 55% of Cellco; Vodafone, a company organized under the laws of the United Kingdom, owns 45%. The instant transaction would not result in any change of either *de jure* or *de facto* control in Cellco. Vodafone's interest in Cellco, and its qualifications (as a foreign corporation) to hold indirect ownership interests in common carrier licenses have been previously authorized by the Commission under the Communications Act.²³ Neither Vodafone nor any of its foreign subsidiaries hold any direct ownership interests in any common carrier licenses. No new foreign ownership issues are raised by this filing. Since the Commission approved the foreign ownership of Cellco as outlined above, there have been no changes in that foreign ownership.

V. COMPLIANCE WITH NATIONAL SECURITY AGREEMENT

T-Mobile requests that the Commission condition its grant of the assignments to T-Mobile on compliance with the provisions of the National Security Agreement entered into on January 12, 2001, as amended, between DT and the Department of Justice ("DOJ"), the Federal Bureau of Investigation ("FBI"), and the Department of Homeland Security ("DHS").²⁴ The requirements of the National Security Agreement are binding upon DT and DT's wholly-owned subsidiaries, including T-Mobile. Section 7.2 of the National Security Agreement provides:

DT agrees that in its applications or petitions to the FCC for licensing or other authority filed with the FCC after the Effective Date, except with respect to *pro forma* assignments or *pro forma* transfers of control, it shall request that the FCC condition the grant of such licensing or other authority on DT's compliance with the terms of this Agreement....

The National Security Agreement (Exhibit A) prescribed that the following specific language be included in the conditional grant of interests in FCC licenses in the specific context of the DT/VoiceStream merger:

It is further ordered, that the authorizations and the licenses related thereto are subject to compliance with the provisions of the Agreement between Deutsche Telekom AG, VoiceStream Wireless Corporation, VoiceStream Wireless Holding Corporation on the one hand, and the Department of Justice (the "DOJ") and the

²³ See *Verizon Wireless-ALLTEL Order*, 23 FCC Rcd at 17546 ¶ 232; *Vodafone AirTouch Plc and Bell Atlantic Corporation*, 15 FCC Rcd 16507, 16514 ¶ 19 (IB/WTB 2000); *International Authorizations Granted*, Public Notice, 15 FCC Rcd 116, 116 (IB 1999); *AirTouch Communications, Inc. and Vodafone Group, Plc.*, 14 FCC Rcd 9430, 9434 ¶ 9 (WTB 1999).

²⁴ See Agreement between DT, VoiceStream, VoiceStream Wireless Holding Corporation, the DOJ and the FBI (Jan. 12, 2001), which was appended by the Commission to the *VoiceStream-DT Order*. The National Security Agreement was amended in January 2008 to add DHS as party.

Federal Bureau of Investigation (the “FBI”) on the other, dated January 12, 2001, which is designed to address national security, law enforcement, and public safety issues of the FBI and the DOJ regarding the authority granted herein. Nothing in the Agreement is intended to limit any obligation imposed by Federal law or regulation including, but not limited to, 47 U.S.C. § 222(a) and (c)(1) and the FCC’s implementing regulations.

T-Mobile hereby requests that the Commission impose a similar condition on the grant of the license assignments to T-Mobile.

VI. CONCLUSION

For the foregoing reasons, grant of these applications are consistent with the Act and the Commission’s rules, the Commission’s actions in prior license assignments, and the public interest. Accordingly, the Applicants respectfully request that the Commission expeditiously approve the applications.