

**DESCRIPTION OF TRANSACTION,
PUBLIC INTEREST SHOWING
AND RELATED DEMONSTRATIONS**

These Applications seek the Commission’s approval for the assignment of licenses and authorizations held by two wholly-owned subsidiaries of Cellular South, Inc.¹ (collectively with its subsidiaries and affiliates, “Cellular South”) to CW Acquisitions, LLC (“CW Acquisitions”), which, post-closing, will be an indirect, wholly-owned subsidiary of AT&T Inc. (collectively with its subsidiaries and affiliates, “AT&T,” and, together with Cellular South, the “Applicants”). Specifically, Cellular South has agreed to assign, upon obtaining Commission consent and all other regulatory approvals, one (1) Cellular license, five (5) Personal Communications Services (“PCS”) licenses, nine (9) microwave licenses, and an international Section 214 authorization, as well as customers, network equipment and other assets, held by Corr Wireless (the “Corr Wireless Assets”), and three (3) PCS licenses and fourteen (14) Lower 700 MHz C Block licenses held by CS Licenses (collectively with the Corr Wireless spectrum licenses, “Corr Wireless Spectrum”). The Corr Wireless Assets comprise Cellular South’s Corr Wireless business, which is operated separately from Cellular South’s C Spire business. The Corr Wireless Spectrum is located primarily in smaller markets in parts of three states.²

As detailed below, the proposed assignments will enable AT&T to enhance the capacity of its network – including its state-of-the-art Long Term Evolution (“LTE”) network – in order to help meet the ever-growing demand for high-quality broadband wireless services in the areas covered by the Corr Wireless Spectrum. The transaction also will result in numerous benefits to customers of AT&T and Corr Wireless. AT&T’s customers will experience faster, higher quality services in the license areas. Corr Wireless customers, who currently receive 2G service, will gain access to a facilities-based 4G network and to a range of services, including wireline/wireless bundle discounts in AT&T’s wireline service area, free Wi-Fi hotspots, an increased ability to roam internationally, free mobile-to-mobile calling over a substantially

¹ These subsidiaries are Corr Wireless Communications, L.L.C. (“Corr Wireless”) and Cellular South Licenses, LLC (“CS Licenses”).

² Almost all of the covered counties are outside the top 100 markets.

expanded customer base, and rollover minutes. These benefits will be achieved without any harm to competition. AT&T's spectrum holdings will remain below the Commission's spectrum screen (and in many cases, far below) in every geographic area at issue. Indeed, this transaction will allow AT&T to offer more robust services, which will spur competitors to step up their services.

The proposed assignments will serve the public interest, and the Commission should approve the Applications expeditiously and unconditionally.

I. DESCRIPTION OF THE APPLICANTS AND THE TRANSACTION

AT&T is a leading provider in the United States of wireless, Wi-Fi, high-speed Internet, local and long distance voice, mobile broadband, and advanced TV services, as well as worldwide wireless coverage and IP-based business communications services.³ The Commission has concluded repeatedly that AT&T has the qualifications required by the Communications Act of 1934, as amended (the "Act") to hold Commission authorizations,⁴ and nothing has changed to disturb this conclusion.

Cellular South is the largest privately held wireless communications company in the United States and provides personalized wireless services and mobile communications devices to nearly one million subscribers in four states.⁵ While Cellular South generally offers CDMA service, it provides GSM mobile service under the "Corr Wireless" brand name in rural Northeastern Alabama to approximately 21,000 subscribers.⁶

³ See AT&T Inc., Annual Report (Form 10-K), at 1-2 (Feb. 24, 2012).

⁴ See, e.g., *Application of AT&T Inc. & Qualcomm Inc. for Consent to Assign Licenses & Authorizations*, Order, 26 FCC Rcd. 17,589, 17,601 ¶ 28 (2011) ("AT&T/Qualcomm Order"); *Applications of AT&T Inc. & Cellco P'ship d/b/a Verizon Wireless for Consent to Assign or Transfer Control of Licenses & Authorizations & Modify a Spectrum Leasing Arrangement*, Memorandum Opinion and Order, 25 FCC Rcd. 8704, 8720 ¶ 29 (2010) ("AT&T/Verizon Order"); *Applications of AT&T Inc. & Centennial Commc'ns Corp. for Consent to Transfer Control of Licenses, Authorizations & Spectrum Leasing Arrangements*, Memorandum Opinion and Order, 24 FCC Rcd. 13,915, 13,931 ¶ 33 (2009) ("AT&T/Centennial Order"); *Application of Aloha Spectrum Holdings Co. LLC (Assignor) & AT&T Mobility II LLC (Assignee) Seeking FCC Consent for Assignment of Licenses & Authorizations*, Memorandum Opinion and Order, 23 FCC Rcd. 2234, 2236 ¶ 8 (2008).

⁵ See C Spire Wireless, Who We Are, http://www.cspire.com/company_info/about/more_info.jsp (last visited Jan. 16, 2012).

⁶ The counties include Limestone, Madison, Jackson, Morgan, Marshall, Dekalb, Cullman, Blount, Etowah, Cherokee, and Calhoun. These counties fall into five CMAs: CMA 120 (Huntsville); CMA 272 (Gadsden, AL); CMA 249 (Anniston); Alabama RSA - 1 (Franklin); and Alabama RSA - 2 (Jackson).

Cellular South has agreed to assign to CW Acquisitions the Corr Wireless Spectrum. Pursuant to the purchase agreement, Cellular South caused Corr Wireless to form CW Acquisition Parent, LLC (“CW Acquisition Parent”) as a wholly-owned subsidiary of Corr Wireless, and CW Acquisition Parent to form CW Acquisitions. Immediately prior to the closing, Cellular South and its affiliates will assign to CW Acquisitions the Corr Wireless Assets and Corr Wireless Spectrum. At the closing, Cellular South shall cause CW Acquisition Parent to transfer CW Acquisition Parent’s 100 percent membership interest in CW Acquisitions to AT&T.

II. THE STANDARD OF REVIEW

In deciding whether to grant these Applications under Section 310(d) of the Act,⁷ the Commission must first assess whether the proposed transaction complies with the specific provisions of the Act, other applicable statutes, the Commission’s rules, and federal communications policy. The Commission then weighs any potential public interest harms of the proposed transaction against the potential public interest benefits. The Applicants bear the burden of proving by a preponderance of the evidence that the proposed transaction, on balance, serves the public interest.⁸ The Commission “may not consider whether the public interest, convenience, and necessity might be served by” a transaction involving an entity “other than the proposed transferee.”⁹

In general, the Section 310(d) standard requires the Commission to balance the potential public interest benefits of the proposed transfer against any likely harms. Thus, if it is clear on the face of an application that a license assignment/transfer will not violate the Act or Commission rules or frustrate or undermine policies and enforcement of the Act and will not reduce competition,¹⁰ the application does not require extensive review.¹¹ In particular, where, as here, the acquiring party possesses the requisite qualifications to control the licenses in question and there are no transaction-specific harms, the Commission does not require a detailed showing of transaction-specific benefits.¹²

⁷ 47 U.S.C. § 310(d).

⁸ See *AT&T/Verizon Order*, 25 FCC Rcd. at 8716 ¶ 22; *AT&T/Centennial Order*, 24 FCC Rcd. at 13,927 ¶ 27.

⁹ 47 U.S.C. § 310(d).

¹⁰ See *Ameritech Corp., Transferor, & SBC Commc’ns Inc., Transferee, For Consent to Transfer Control of Corps. Holding Comm’n Licenses & Lines Pursuant to Sections 214 & 310(d) of the Commc’ns Act & Parts 5, 22, 24, 25, 63, 90, 95 & 101 of the Comm’n’s Rules*, Memorandum Opinion and Order, 14 FCC Rcd 14,712, at 14,740-41 ¶ 54 (1999).

¹¹ *Id.*

¹² *Applications of Pac. Telesis Group Transferor, & SBC Commc’ns, Inc. Transferee, For Consent to Transfer Control of Pac. Telesis Group & its Subsidiaries*, Memorandum Opinion and Order, 12 FCC Rcd 2624, 2627 ¶ 2 (1997) (a “demonstration that benefits will arise from the

Footnote continued on next page

This transaction does not violate any law or rule, requires no waivers of the Commission's rules, and does not result in unjust enrichment. Nor does it impede the realization of the objectives of the Act or the Commission's ability to implement the Act. To the contrary, as described below, this transaction will result in public interest benefits without harming competition, and, accordingly, the Commission should approve it expeditiously and unconditionally.

III. THE TRANSACTION WILL SERVE THE PUBLIC INTEREST AND BENEFIT WIRELESS CONSUMERS

The Commission and Administration have recognized repeatedly that consumer demand for wireless services and devices is exploding and that carriers will need additional spectrum in the future to meet this demand.¹³ Just recently, Chairman Genachowski stated that one of the Commission's major priorities is to "unleash[] mobile innovation and mak[e] sure America continues to lead the world in mobile" by, among other things, "removing barriers to mobile infrastructure build-out and mobile broadband spectrum use."¹⁴

The National Broadband Plan establishes a national policy that spectrum should be put to its most efficient use in light of the rapid growth of broadband usage and the resulting network strain.¹⁵ To further this objective, the Administration and the Commission have proposed making at least 500 MHz of additional spectrum available over the next ten years to address mobile carriers' mid- and long-term need for spectrum.¹⁶

The proposed reallocations of spectrum from legacy users will take time, however, and the availability of much of that spectrum may be almost a decade away. Secondary market transactions, such as this one, allow carriers to address spectrum and capacity shortages with

Footnote continued from previous page

transfer is not . . . a prerequisite to our approval, provided that no foreseeable adverse consequences will result from the transfer").

¹³ See, e.g., *Policies Regarding Mobile Spectrum Holdings*, Notice of Proposed Rulemaking, 27 FCC Rcd. 11,710, 11,716-17 ¶ 12 (2012); see also Julius Genachowski, Chairman, FCC, "Winning the Global Bandwidth Race: Opportunities and Challenges for Mobile Broadband" at 3 (Oct. 4, 2012).

¹⁴ *Improving Spectrum Efficiency Through Flexible Channel Spacing & Bandwidth Utilization for Econ. Area-Based 800 MHz Specialized Mobile Radio Licenses*, Report and Order, 27 FCC Rcd. 6489, 6511, Statement of Chairman Julius Genachowski (2012).

¹⁵ See *Connecting America: The National Broadband Plan* at 76-77 (rel. Mar. 16, 2010) ("NBP"), available at <http://download.broadband.gov/plan/national-broadband-plan.pdf>.

¹⁶ See, e.g., NTIA, U.S. Department of Commerce, *Plan and Timetable to Make Available 500 Megahertz of Spectrum for Wireless Broadband* (Oct. 2010), available at http://www.ntia.doc.gov/reports/2010/TenYearPlan_11152010.pdf; NBP at 84.

spectrum that has already been allocated and assigned, much more quickly than new spectrum can be allocated and auctioned. Moreover, because secondary market transactions make possible the expansion of network capacity and coverage, they are presumptively in the public interest.¹⁷

This transaction is precisely the sort of spectrum assignment that the Commission's policies and the National Broadband Plan are intended to facilitate.¹⁸ The assignment of these licenses – including 14 unused Lower 700 MHz C Block licenses – to AT&T unambiguously serves the public interest. First, the transaction makes scarce spectrum available to enhance the capacity of AT&T's network, including its LTE network. Second, the transaction will permit AT&T to provide more robust service to customers of AT&T and Corr Wireless much sooner than would have been possible absent this transaction.

The transaction will permit AT&T to quickly expand its network capacity in the license areas. In some of these license areas, AT&T's current spectrum holdings are relatively thin, and, in some cases, AT&T holds neither AWS nor Lower 700 MHz spectrum (except for 6 MHz of unpaired Lower 700 MHz D Block spectrum).¹⁹ The spectrum additions made possible by this transaction will allow AT&T to expand the capacity of its network in order to keep up with consumer demands for data-intensive services and to deploy much more robust and spectrally efficient LTE services.²⁰ In some areas, for example, the transaction will permit a 10x10 LTE deployment instead of a 5x5 deployment.

AT&T and Corr Wireless customers will experience faster, fourth-generation services as a result of the more robust capacity. For example, Corr Wireless's approximately 21,000 customers currently receive only 2G service. By contrast, AT&T currently provides 4G HSPA+ service throughout Corr Wireless's footprint and plans to deploy 4G LTE service. The proposed transaction will give Corr Wireless's customers access to a robust facilities-based 4G service. LTE services are expected to offer particular benefits to consumers that live and work outside the largest metropolitan centers. Those benefits include, among others, improved access to health services, distance learning, and business-related applications.

¹⁷ See *Principles for Promoting the Efficient Use of Spectrum by Encouraging the Development of Secondary Markets*, Policy Statement, 15 FCC Rcd. 24,178, 24,185-86 ¶ 18 (2000) (Commission stating that its secondary market goal “is to promote the operation of competitive markets for the sale and lease of spectrum usage rights by licensees, and thereby facilitate both the transfer of the right to use spectrum for existing services to new, higher valued uses, and the availability of unused and underutilized spectrum to those who would use it for providing services.”).

¹⁸ *Id.*; see NBP at 83.

¹⁹ As discussed below, in no place will this transaction cause AT&T to hit the applicable spectrum screen.

²⁰ See, e.g., *AT&T/Qualcomm Order*, 26 FCC Rcd. at 17,590 ¶ 4.

Customers also will benefit from the seamless integration of the complementary GSM networks operated by AT&T and Corr Wireless. The integration of cell sites and other equipment will increase network density, thus resulting in significant coverage and capacity gains. This will enable AT&T to offer the customers of both companies a better customer experience – particularly in areas where customers may be experiencing dropped calls, dead spots and coverage gaps. Greater cell site density also will enable faster data speeds and permit better signal penetration of homes and other buildings. Such integration also will enable AT&T to keep up with growing demands for broadband service.

Corr Wireless’s approximately 21,000 subscribers also will gain access to a range of services available on AT&T’s 4G national network, which covers more than 285 million people.²¹ Among other things, Corr Wireless customers will enjoy

- free mobile-to-mobile calling to a substantially expanded customer base;
- rollover of unused minutes to the next month;
- wireline/wireless bundle discounts in AT&T’s wireline service area;
- free access to 31,000 Wi-Fi hotspots;
- access to AT&T’s nationwide footprint; and
- a substantial increase in the availability of international roaming.

Because AT&T expects a seamless integration of the Corr Wireless customers into its network, Corr Wireless customers will experience these numerous benefits rather quickly. AT&T has vast experience in transitioning customers to its network following previous transactions, many of which have been far larger than this one. The Commission has recognized the importance of such experience in assuaging customer transition concerns in other transactions and should do so here.²²

In short, AT&T’s acquisition of the Corr Wireless Spectrum will enable AT&T to bring significant, tangible benefits to customers. The Commission has long recognized that increasing

²¹ Press Release, AT&T Inc., AT&T 4G LTE Expands in Los Angeles (Dec. 18, 2012), *available at* <http://www.att.com/gen/press-room?pid=23626&cdvn=news&newsarticleid=35843&mapcode=mk-att-wireless-networks|wireless>.

²² *See Applications of Cellco P’ship d/b/a Verizon Wireless & Rural Cellular Corp. For Consent to Transfer Control of Licenses, Authorizations, & Spectrum Manager Leases & Petitions for Declaratory Ruling that the Transaction is Consistent with Section 310(b)(4) of the Commc’ns Act*, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd. 12,463, 12,519 ¶ 132 (2008) (declining to require Verizon Wireless to provide greater detail regarding its plans for converting RCC customers from the existing GSM network to CDMA than that already provided by Verizon Wireless based, in part, on the Commission’s recognition “that Verizon Wireless, in light of its many acquisitions, has had significant experience in transitioning customers from one system on another, some involving the replacement of one technology with another.”).

the diversity and range of features and services available to customers is in the public interest,²³ and should do so here. Also, because AT&T will be able to put the assigned spectrum to use quickly and efficiently, the transaction will give consumers additional choices for wireless broadband services.

IV. THE TRANSACTION WILL NOT HARM COMPETITION

This transaction will enable AT&T to enhance its provision of 4G mobile broadband services and make AT&T a more effective competitor, further promoting competition in the wireless marketplace. Moreover, the transaction will not result in any competitive harms nationally or in the license areas that are the subject of this transaction.²⁴

AT&T's acquisition of the Corr Wireless Spectrum would not cause AT&T to hit the FCC's spectrum screen anywhere.²⁵ Indeed, in many cases, AT&T's post-transaction holdings would not even come close to the screen.²⁶

²³ See, e.g., *Applications of AT&T Inc. & Dobson Commc'ns Corp. for Consent to Transfer Control of Licenses & Authorizations*, Memorandum Opinion and Order, 22 FCC Rcd. 20,295, 20,330-34 ¶¶ 73-82 (2007); *Midwest Wireless Holdings, L.L.C. & Alltel Commc'ns, Inc. for Consent to Transfer Control of Licenses & Authorizations*, Memorandum Opinion and Order, 21 FCC Rcd. 11,526, 11,564-67 ¶¶ 105-09, 111-12 (2006); *Applications of Western Wireless Corp. & Alltel Corp. for Consent to Transfer Control of Licenses & Authorizations*, Memorandum Opinion and Order, 20 FCC Rcd. 13,053, 13,101-04 ¶¶ 135-36, 138-40 (2005); *Applications of Nextel Commc'ns, Inc. & Sprint Corp. for Consent to Transfer Control of Licenses & Authorizations*, Memorandum Opinion and Order, 20 FCC Rcd. 13,967, 14,013-14 ¶¶ 129-130 (2005) (“*Sprint/Nextel Order*”); *Applications of AT&T Wireless Servs., Inc. & Cingular Wireless Corp. for Consent to Transfer Control of Licenses & Authorizations*, Memorandum Opinion and Order, 19 FCC Rcd. 21,522, 21,604-05 ¶¶ 216-20 (2004).

²⁴ Recently, in addition to its traditional review of competition at the local level, the Commission has analyzed the impact of a transaction on national competition under certain circumstances. See *Applications of AT&T Mobility Spectrum LLC, New Cingular Wireless PCS, LLC, Comcast Corp., Horizon Wi-Com, LLC, NextWave Wireless, Inc., & San Diego Gas & Elec. Co. for Consent to Assign & Transfer Licenses*, WT Dkt No. 12-240, Memorandum Opinion and Order, FCC 12-156, ¶¶ 25-28, 37 (rel. Dec. 18, 2012) (“*AT&T/WCS Order*”); *Applications of Cellco P'ship d/b/a Verizon Wireless & SpectrumCo LLC & Cox TMI, LLC for Consent to Assign AWS-1 Licenses*, Memorandum Opinion and Order and Declaratory Ruling, 27 FCC Rcd. 10,698, 10,718-19, 10,724-27 ¶¶ 54-58, 70-78 (2012). AT&T's acquisition of a small amount of spectrum in only three states and approximately 21,000 subscribers in the northeastern corner of just one state – which will account for less than one-tenth of one percent of AT&T's more than 105 million wireless subscribers – will not have a negative impact on competition.

²⁵ The Commission recently revised its spectrum screen to include 20 MHz of WCS spectrum – comprised of the paired A and B Blocks. The Commission's revised screen is triggered where applicants would have “102 megahertz or more of cellular, PCS, SMR, 700 MHz, and WCS spectrum, where neither BRS nor AWS-1 spectrum is available; 121 megahertz or more of spectrum, where BRS spectrum is available, but AWS-1 spectrum is not available; 132

Footnote continued on next page

Also, competition will remain vigorous in each license area after the transaction. Corr Wireless has only a very small market presence with approximately 21,000 total subscribers. As shown in Appendix B, there will continue to be numerous actual and potential competitors holding spectrum in the Corr Wireless Spectrum areas, including Verizon, Sprint and T-Mobile, all of which are competing in each license area in which Corr Wireless has operations.²⁷ As a result, this transaction will not harm competition in these markets.

The transaction also will not have an adverse effect on roaming in the license areas. Carriers that are currently roaming on Corr Wireless's GSM network will continue to have GSM roaming service after the transaction. Indeed, there is no reason to believe that the small addition to AT&T's customer base as a result of this transaction – amounting to less than one-tenth of one percent of subscribers nationwide – will give AT&T an incentive not to make roaming services available to roaming partners.

Accordingly, the transaction poses no potential harm to competition and, as explained above, is manifestly in the public interest.

Footnote continued from previous page

megahertz or more of spectrum, where AWS-1 spectrum is available, but BRS spectrum is not available; or 151 megahertz or more of spectrum where both AWS-1 and BRS spectrum are available.” *AT&T/WCS Order*, ¶ 33 n.94.

²⁶ See Appendix A. The Commission also utilizes a screen based on the size of the post-transaction Herfindahl-Hirschman Index (“HHI”) of market concentration and the change in the HHI. Under the analysis used in recent Commission orders, a market is subject to further scrutiny if, based on the NRUF data, its post-transaction HHI (1) would be both greater than 2800 and increase by at least 100, or (2) would increase by at least 250. See, e.g., *Applications of Cellco P’ship d/b/a Verizon Wireless & Atlantis Holdings LLC*, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd. 17,444, 17,482-83 ¶ 78. The data to calculate the HHIs for the Corr Wireless license areas are not yet available, and the HHI screen does not apply in those license areas where AT&T is only acquiring spectrum and is not acquiring any operating business, facilities, or customers. See *AT&T/Qualcomm Order*, 26 FCC Rcd. at 17,601 ¶ 29 (“This transaction does not result in the acquisition of wireless business units and customers or change the number of firms in any market, so our competitive analysis considers only the competitive effects associated with the increases in spectrum that would be held by AT&T post-transaction.”). Even if the HHI screen was exceeded in certain Corr Wireless license areas, this transaction – in which AT&T is acquiring a mere 21,000 subscribers in a service area covering 1.2 million POPs – poses no substantial competitive concern.

²⁷ See *Sprint/Nextel Order*, 20 FCC Rcd at 13,969 ¶ 3 (noting “there will be a continuing presence of multiple other substantial carriers in each overlap market with the capacity to add subscribers and the ability to add capacity.”).

V. RELATED GOVERNMENTAL FILINGS

The Department of Justice will conduct its own review of the competitive aspects of this transaction pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976²⁸ and the rules promulgated thereunder. The Applicants have submitted a notification form and an associated documentary appendix to the Department and the Federal Trade Commission, and they fully expect that this review will confirm that the transaction does not raise any competitive issues.

VI. MISCELLANEOUS REGULATORY MATTERS

A. After-Acquired Authorizations

The Applicants request that any Commission approval of these Applications include authority for AT&T to be assigned any applications regarding the Corr Wireless Spectrum that are pending at the time of consummation. Such action would be consistent with prior decisions of the Commission. The Applicants also request that Commission approval include any of those licenses in the Corr Wireless business or otherwise that may have been inadvertently omitted from the Form 603 when the Applicants filed this Application.

B. Blanket Exemption to Cut-Off Rules

The public notice announcing this transaction will provide adequate notice to the public with respect to the licenses and authorizations involved, including any for which license and authorization modifications are now pending. Therefore, no waiver needs to be sought from sections 1.927(h), 1.929(a)(2) and 1.933(b) of the Commission's rules²⁹ to provide a blanket exemption from any applicable cut-off rules in cases where the applicants file amendments to pending applications to reflect the consummation of the proposed assignments.

C. Environmental Impact

As required by Section 1.923(e) of the Commission's rules,³⁰ the Applicants state that the assignment of licenses and authorizations involved in this transaction will not have a significant environmental effect, as defined by Section 1.1307 of the Commission's rules.³¹ An assignment of licenses and authorizations does not involve any engineering changes and, therefore, cannot have a significant environmental impact.

²⁸ 15 U.S.C. § 18a.

²⁹ 47 C.F.R. §§ 1.927(h), 1.929(a)(2), 1.933(b).

³⁰ *Id.* § 1.923(e).

³¹ *Id.* § 1.1307.

VII. CONCLUSION

The Commission should approve the assignment of the licenses and authorizations from Cellular South to CW Acquisitions, under the control of AT&T, expeditiously and unconditionally.