DESCRIPTION OF TRANSACTION, PUBLIC INTEREST SHOWING, AND RELATED DEMONSTRATIONS

I. INTRODUCTION AND SUMMARY

AT&T Inc. ("AT&T") has agreed to contribute four of its multichannel video programming businesses – DIRECTV, U-verse TV, AT&T TV, and Watch TV – to a standalone entity provisionally referred to herein as New DIRECTV that will be co-owned and co-managed by AT&T and an affiliate of TPG Capital, the private equity platform of global alternative asset firm TPG ("TPG"). AT&T and TPG (collectively, "Applicants") will divide the common equity interests of New DIRECTV 70%/30%, and New DIRECTV will be jointly governed by a board consisting of two representatives from each Applicant; two independent, non-voting directors named by each Applicant; and a ninth seat filled by New DIRECTV's CEO.

The transaction offers substantial public interest benefits. Applicants plan for New DIRECTV to be a leading next-generation video provider with best-in-class content and customer experience. At the same time, the transaction raises no competitive issues. The addition of TPG to the ownership and management of New DIRECTV does not create any issues of horizontal reach, as TPG will not control any other distribution assets at closing, nor any concerns about vertical integration, as TPG has no attributable programming assets.

Importantly, the transaction will be largely seamless to customers and employees. Customers will be able to keep their same video service, any wireless or broadband services bundled with their video service, and any other benefits or discounts they currently enjoy, including AT&T's newest video product, HBO Max. Union-represented employees will continue to serve customers under existing collective bargaining agreements, and substantially all employees will transition to New DIRECTV in their same positions, while the remainder will continue at AT&T.

Customers will benefit from the flexibility and dedicated management focus that will result from this new structure, as well as the capital, expertise, and resources that TPG will bring to help run New DIRECTV more effectively. DIRECTV and U-verse have been challenged by the rapid rise of online video distributors ("OVDs") and the resulting decline of multichannel video programming distributors ("MVPDs"). Yet, even as the pay TV industry evolves, multichannel video remains a core service for tens of millions of households, and New DIRECTV aims to meet this consumer need.

A separate New DIRECTV operating with more autonomy will be better positioned to strengthen its operations and customer experience – improving technology, optimizing marketing, and fortifying the overall value proposition for both DIRECTV and U-verse customers. This will benefit not only New DIRECTV's 17.2 million video customers, but all video customers, as existing and new providers compete for consumers' business.

For these reasons and as discussed further herein, Applicants seek the Commission's consent without conditions for the transfer of control of the licenses shown on Attachment 1.[1]

II. DESCRIPTION OF APPLICANTS AND THEIR QUALIFICATIONS

AT&T is a diversified, global leader in telecommunications, media and entertainment, and technology, and the Commission has repeatedly concluded that AT&T has the qualifications

[1] AT&T TV and Watch TV are OVDs that do not rely on any Commission licenses for video delivery. AT&T is retaining its Vrio Latin American satellite television business, its Sky Mexico investment, its regional sports networks, the U-verse network facility assets, the HBO Max streaming platform, and the other WarnerMedia businesses.

to control Commission licenses.[2] AT&T's high-speed fiber and wireless broadband networks connect people and businesses across the United States. AT&T's WarnerMedia creates popular content for global audiences from a diverse array of talented storytellers and journalists. And AT&T delivers compelling entertainment experiences through HBO Max, as well as through the video businesses that are being transferred into New DIRECTV.

TPG is a leading global alternative asset firm with more than $91 billion under management and investments across a wide range of asset classes, including private equity, growth equity, impact investing, real estate, secondaries, and public equity. For nearly 30 years, TPG has provided capital resources and expertise to its portfolio companies to help them grow and scale their businesses. The firm's sector teams are active partners who engage deeply with their portfolio companies to enable responsible, long-term growth and success. TPG has a long history of partnering with corporate owners, including entities regulated by the Commission, to invest in and carve-out non-core businesses, providing the capital and marketing and operational expertise to uncover new value and execute on long-term growth objectives.

TPG is well positioned to run a video distribution business, and the Commission has repeatedly found that TPG is qualified to control Commission licenses.[3] The principals of TPG, David Bonderman and James G. Coulter, as well as Co-CEO Jon Winkelried, are all United States

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[2] *Applications of AT&T Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 30 FCC Rcd 9131, 9142 ¶ 24 (2015) ("*AT&T/DIRECTV Order*"); *Applications of Liberty Latin America Ltd. and AT&T Inc. for Consent to the Transfer of Control of the Licenses, Authorizations, and Spectrum Lease Held by AT&T Mobility Puerto Rico Inc. and AT&T Mobility USVI Inc. to Liberty Latin American Ltd.*, Memorandum Opinion and Order and Declaratory Ruling, DA 20-1270, at 6-7 ¶¶ 13-15 (WTB 2020) ("*AT&T/LLA Order*").

[3] *See*, *e.g.*, *Domestic Section 214 Application Granted for the Transfer of Control of RCN Telecom Services, LLC and Grande Communications Networks LLC to Radiate Holdings, L.P.*, Public Notice, 31 FCC Rcd 12539 (2016); *Notice of Non-Streamlined Domestic Section 214 Application Granted*, Public Notice, 32 FCC Rcd 6725 (2017); *Notice of Domestic Section 214 Authorization Granted*, Public Notice, 35 FCC Rcd 9454 (2020).

citizens with experience in video distribution. Indeed, TPG's Internet, Digital Media, and Communications team has been engaged in the evolving landscape of content creation, distribution, and consumption for more than a decade, providing them a unique window into consumer preferences. In particular, TPG has a deep understanding of the multichannel video distribution marketplace from combining regional providers RCN, Grande, Wave and enTouch to create what is today Astound Broadband ("Astound"), which offers modern, top-quality, gigabit-speed communications infrastructure networks.[4]

III. DESCRIPTION OF THE TRANSACTION

The Commission licenses that support the DIRECTV and U-verse TV businesses – 9 satellite space station licenses, 76 satellite earth station licenses, and 5 private land mobile radio licenses[5] – are currently held by a wholly-owned indirect subsidiary of AT&T called DIRECTV Enterprises, LLC. AT&T will contribute DIRECTV Enterprises, LLC to a new entity called V OpCo LLC ("New DIRECTV"), along with the other assets of AT&T's video business unit.[6] In exchange for those assets, New DIRECTV will issue to a wholly-owned indirect subsidiary of AT&T called V HoldCo LLC a 70 percent interest in common units of New DIRECTV.[7] An affiliate of TPG, TPG VIII Merlin Investment Holdings, L.P., will make a cash contribution to New DIRECTV in exchange for a 30 percent interest in common units of New

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[4] As noted below, TPG has entered into a contract to sell its controlling interest in Astound. *See* n.19.

[5] Attachment 1 lists these licenses. The Applicants will file only post-closing notifications for 8 of the 76 earth station licenses, as they are receive-only registrations. *See* 47 C.F.R. § 25.119(j).

[6] Agreement of Contribution and Subscription by and among AT&T Services, Inc., V HoldCo LLC, V OpCo LLC, and TPG VIII Merlin Investment Holdings, L.P., dated Feb. 25, 2021, https://www.sec.gov/Archives/edgar/data/732717/000119312521056922/d544248dex101.htm.

[7] V HoldCo LLC also will receive junior preferred units and a distribution preference in New DIRECTV.

DIRECTV.[8] New DIRECTV will be jointly governed by AT&T and TPG, with a Board of Managers comprised of two representatives from each company, two independent non-voting Board members named by each company, and a ninth Board seat filled by the CEO, who at the closing will be Bill Morrow, CEO of AT&T's U.S. Video Unit.[9] The pre-closing and post-closing ownership structures of DIRECTV Enterprises, LLC are provided in charts appended as Attachment 2.

IV. STANDARD OF REVIEW

Pursuant to Section 310(d) of the Communications Act, the Commission must determine whether the proposed transaction will serve the public interest, convenience, and necessity.[10] The Commission begins by assessing whether the proposed transaction complies with the specific provisions of the Act, other applicable statutes, and the Commission's rules.[11] The Commission then considers whether the transaction could result in public interest harms by "substantially frustrating or impairing the objectives of the Act or related statutes."[12] The Commission confines its review to those harms that may "arise from the proposed transaction

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[8] TPG VIII Merlin Investment Holdings, L.P. also will receive senior preferred units in New DIRECTV.

[9] *AT&T & TPG To Form New Entity To Operate AT&T's U.S. Video Unit*, Press Release, Feb. 25, 2021, https://www.sec.gov/Archives/edgar/data/732717/000119312521056922/d544248dex991.htm.

[10] 47 U.S.C. § 310(d). Section 310(d) of the Act requires the Commission to consider applications for transfer of Title III licenses under the same standard as if the proposed transferee were applying for licenses directly under section 308 of the Act, 47 U.S.C. § 308. *See, e.g.*, *Applications of T-Mobile US, Inc., and Sprint Corporation for Consent To Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, Declaratory Ruling, and Order of Proposed Modification, 34 FCC Rcd 10578, 10595 ¶ 39 (2019) ("*T-Mobile/Sprint Order*"); *AT&T Inc. and BellSouth Corporation Application for Transfer of Control*, Memorandum Opinion and Order, 22 FCC Rcd 5662, 5672 ¶ 19 n.64 (2007) ("*AT&T/BellSouth Order*").

[11] *See, e.g.*, *T-Mobile/Sprint Order*, 34 FCC Rcd at 10595 ¶ 39.

[12] *See, e.g., id.* ¶ 40; *AT&T/DIRECTV Order*, 30 FCC Rcd at 9139 ¶ 18; *ATT/LLA Order*, DA 20-1270, at 5 ¶ 10.

(*i.e.*, transaction-specific harms)" and "will not impose conditions to remedy pre-existing harms or harms that are unrelated to the transaction."[13]

The Commission has long recognized that there is a clear public interest benefit in allowing a licensee to assign or transfer control of its license freely.[14] The Commission also will review other public interest benefits of a transaction.[15] Where potential public interest harms appear unlikely, the Commission will accept a lesser showing of public interest benefits.[16]

This transaction does not violate the Communications Act or any other statute, nor does it violate or require any waiver of the Commission's rules. The transaction also does not increase concentration or reduce competition in any market or otherwise create any public interest harms. To the contrary, as is demonstrated below, this transaction delivers substantial public interest

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[13] *T-Mobile/Sprint Order*, 34 FCC Rcd at 10595-86 ¶ 40; *Applications of Level 3 Communications, Inc. and CenturyLink, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 32 FCC Rcd 9581, 9585-86 ¶ 9 (2017) ("*CenturyLink/Level 3 Order*").

[14] *T-Mobile/Sprint Order*, 34 FCC Rcd at 10596 ¶ 41; *CenturyLink/Level 3 Order*, 32 FCC Rcd at 9585 ¶ 10; *AT&T-LLA Order*, DA 20-1270, at 6 ¶ 11; *see also Amendment of Section 73.3596 of the Commission's Rules (Applications for Voluntary Assignments or Transfers of Control)*, Memorandum Opinion and Order, 4 FCC Rcd 1710 (1988), *affirming* 59 RR 2d 1081 (1982) (eliminating three-year holding requirement for broadcast licenses and acknowledging that the public interest and the interests of the listening public are usually served best by freely allowing sales to qualified new owners); *Amendment of the Commission's Space Station Licensing Rules and Policies*, First Report and Order and Further Notice of Proposed Rulemaking, 18 FCC Rcd 10760, 10841-44 ¶¶ 215-20 (2003) (eliminating anti-trafficking policy for satellite licenses and facilitating the transfer of licenses to those parties that have the greatest incentive and ability to construct a satellite system expedites service, enables the highest and best use of satellite spectrum, and helps licensees mitigate risk, thereby encouraging additional investment).

[15] 47 U.S.C. § 309(e); *T-Mobile/Sprint Order*, 34 FCC Rcd at 10596 ¶ 41; *CenturyLink/Level 3 Order*, 32 FCC Rcd at 9586 ¶ 11 n.36.

[16] *Applications of SoftBank Corp., Starburst II, Inc., Sprint Nextel Corp., and Clearwire Corp. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, Declaratory Ruling, and Order on Reconsideration, 28 FCC Rcd 9642, 9682 ¶ 102 (2013) ("*SoftBank/Sprint Order*").

benefits. The Commission thus should approve the applications promptly and without conditions.

V. THE TRANSACTION WILL GENERATE SIGNIFICANT PUBLIC INTEREST BENEFITS WHILE RAISING NO COMPETITIVE CONCERNS

The pay TV industry continues to evolve, with the number of OVD subscribers steadily rising and an accompanying decline in the number of traditional MVPD subscribers.[17] This transaction will allow both New DIRECTV and AT&T to devote more attention to their respective video businesses. At New DIRECTV, the focus will be on positioning DIRECTV and U-verse to compete more effectively in this evolving environment. At AT&T, this transaction will allow AT&T to concentrate on its retained communications and media businesses.

Strengthening each of these businesses will benefit their subscribers, who will enjoy improved and more innovative service offerings, and consumers generally, who will benefit from more competition in the marketplace.

First, the transaction will make New DIRECTV into a stronger competitor, even as the pay TV industry continues to evolve. The transaction will give New DIRECTV the flexibility and dedicated management focus it needs to navigate changing consumer preferences. As a separate entity operating with its own management, New DIRECTV will be positioned to strengthen its operations, improve the customer experience, and create a better overall value proposition. Making New DIRECTV a stronger competitor will also put competitive pressure on other video providers – MVPDs and OVDs – benefitting all consumers of video products and services.

[17] *2020 Communications Marketplace Report,* GN Docket No. 20-60, ¶¶ 151, 156 (rel. Dec. 31, 2020).

Second, the new structure will focus New DIRECTV's available investment capital solely on video customers. Among the changes planned are improved technology and optimized marketing. The aim is to transition DIRECTV's leading pay TV platform, talented labor force, and large subscriber base into a leading next-generation video provider with best-in-class content and customer experience.

With TPG involved, the AT&T TV streaming services also will be even more vibrant. TPG plans to put AT&T's significant investment in the AT&T TV platform to even better use to improve the product experience even further. AT&T TV will be rolled out more broadly and marketed more consistently and evenly. As AT&T TV becomes a stronger product, consumers will benefit from being able to watch an exciting video service using any device.

Third, the addition of TPG will make an important contribution to strengthening DIRECTV. TPG has an established reputation for helping companies operate more effectively, and TPG will provide capital, expertise, and resources to DIRECTV. New DIRECTV will be supported by TPG's industry-leading operations group. These individuals are essential to driving growth and change at companies in which TPG has invested, serving as on-the-ground partners and advisors with capabilities across a range of functional specialties including pricing, IT, marketing, and salesforce effectiveness. TPG has a proven and accomplished track record in working with companies to invest in businesses deemed non-core to their current corporate owners and partnering with those owners to uncover value and execute on long-term growth objectives. TPG's investment reflects its confidence and conviction in DIRECTV's role as an important provider of video services to millions of Americans.

Fourth, the transaction will be seamless to customers. New DIRECTV customers will be able to keep their existing video service, as well as any bundled wireless or broadband services, and will continue to receive any associated discounts. Customers will continue to have access to premium content, including HBO Max, and will receive the same services and channel lineups that they subscribe to today. Customer account information, online access and billing arrangements will remain the same.

The customer care experience will transition smoothly as well. AT&T has brought together into one cohesive organization all the elements and functional teams that make up its video businesses. This talented team of employees has helped to move AT&T/DIRECTV from third place to tied for first place in the J.D. Power 2020 Residential Television Customer Satisfaction Study.[18] And because it is expected that substantially all of the employees in this organization will move to New DIRECTV at close, subscribers will keep receiving the same great service they have come to expect. Employees can also feel secure that AT&T will work with its union partners on the transition, and New DIRECTV will recognize its unionized labor force, assume and honor the existing collective bargaining agreements covering union-represented employees, and work with the unions productively going forward.

Fifth, in addition to strengthening DIRECTV, the transaction supports AT&T's deliberate capital allocation commitment to invest in and focus on connectivity and content, and growing its customer relationships across 5G wireless, fiber and HBO Max.

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[18] *J.D. Power Recognizes AT&T in Customer Satisfaction Rankings*, AT&T (Sept. 24, 2020), https://about.att.com/story/2020/jd_power_residential_television_service_provider_satisfaction_study.html.

Finally, DIRECTV has a long history of creating a corporate culture that places great value on diversity, inclusion, and community service. TPG shares these values equally and plans to fully support the continuation of these programs.

While delivering these public benefits, the transaction raises no horizontal or vertical competitive concerns. TPG is under contract to relinquish control of its only interest in a pay TV business – Astound, a cable overbuilder primarily focused on providing broadband with a few hundred thousand video subscribers spread across ten states and the District of Columbia.[19] Upon consummation of the pending transaction, Astound indisputably will be under the control of the purchaser, Stonepeak, and its principal, Mr. Michael Dorrell. TPG has no attributable interests in cable programming networks.

VI. MISCELLANEOUS REGULATORY ISSUES

A. Related State and Local Filings

The U-verse TV business operates under video service agreements with state and local governments. The Applicants will make any filings required under the relevant video service agreements.

[19] Funds managed by Stonepeak Infrastructure Partners ("Stonepeak") have agreed to purchase Astound from TPG, and applications to transfer control of Astound to Stonepeak are now pending at the FCC. The pleading cycle for the Stonepeak/Astound transaction has closed, with only one comment submitted into the record, and the applications are poised for a Commission decision. Stonepeak will syndicate a portion of its interest in Astound, and TPG has exercised its right to acquire approximately a 6 percent interest in Astound, appoint one director, and enjoy customary minority investor protections. *See Section 214 Applications Filed for the Transfer of Control of Subsidiaries of Radiate Holdings, L.P. to Stonepeak Associates IV LLC*, Public Notice, 35 FCC Rcd 14,604 (WCB/IB 2020); *see also* ULS File Nos. 0009376698, 0009376703, 0009376706, 0009376712 and 0009376694; COALS File No. 20210127AA09.

B. After-Acquired Authorizations

The list of call signs included in each application is intended to include all of the licenses and authorizations used by DIRECTV and U-verse TV. However, AT&T's licensees may now have on file, and may hereafter file, additional requests for authorizations for new or modified facilities that may be granted before the Commission acts on these Applications. Accordingly, the Applicants request that any Commission approval of the Applications filed for this transaction include authority for TPG to acquire control of: (1) any licenses and authorizations issued for DIRECTV and U-verse TV while this transaction is pending before the Commission and the period required for consummation of the transaction, and (2) any applications that have been filed for DIRECTV and U-verse TV that are pending at the time of consummation of the proposed transaction. Such action would be consistent with prior decisions of the Commission.[20] Moreover, the Applicants requests that Commission approval include any such licenses and authorizations that may have been inadvertently omitted from the Applications and exclude any licenses that terminate during the pendency of the Applications.

C. Blanket Exception to Cut-Off Rules

The public notice announcing this transaction will provide adequate notice to the public with respect to the licenses involved, including any for which license modifications are now pending. Therefore, no waiver needs to be sought from Sections 1.927(h), 1.929(a)(2), 1.933(b),

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[20] *SoftBank/Sprint Order*, 28 FCC Rcd at 9705 ¶ 157; *AT&T/Verizon Order*, 25 FCC Rcd at 8773 ¶ 165; *Applications of Comcast Corporation, General Electric Company and NBC Universal, Inc. for Consent to Assign Licenses and Transfer Control of Licensees*, Memorandum Opinion and Order 26 FCC Rcd 4238, 4354 ¶ 291 (2011); *Applications of AT&T Inc. and Centennial Communications Corp. for Consent to Transfer Control of Licenses, Authorization, and Spectrum Leasing Arrangements*, Memorandum Opinion and Order, 24 FCC Rcd 13,915, 13,981 ¶ 170 (2009); *Applications for Consent to Transfer of Control of Licenses from Comcast Corporation and AT&T Corp. to AT&T Comcast Corporation*, Memorandum Opinion and Order, 17 FCC Rcd 23246, 23330-31 ¶ 224 (2002).

25.116(b), and 25.151(a)(5) of the Commission's rules[21] to the extent needed to provide a blanket exemption from any applicable cutoff rules in cases where the Applicants file amendments to pending applications to reflect the consummation of the proposed transfers of control.[22]

D. Environmental Impact

As required by Section 1.923(e) of the Commission's rules,[23] the Applicants state that the transfer of control of licenses involved in this transaction will not have a significant environmental effect, as defined by Section 1.1307 of the Commission's rules.[24] A transfer of control of licenses does not involve any engineering changes and, therefore, cannot have a significant environmental impact.

VII. CONCLUSION

For the foregoing reasons, the Commission should conclude that the proposed transaction serves the public interest, convenience, and necessity and should expeditiously and unconditionally grant these Applications.

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[21] 47 C.F.R. §§ 1.927(h), 1.929(a)(2), 1.933(b), 25.116(b), 25.151(a)(5).

[22] *See, e.g.*, *Applications of PacifiCorp Holdings, Inc., and Century Telephone Enterprises, Inc. for Consent to Transfer Control of Pacific Telecommunications, Inc., a Subsidiary of PacifiCorp Holdings, Incorporated*, Memorandum Opinion and Order, 13 FCC Rcd 8891, 8915-16 ¶ 45 (1997); *Applications of NYNEX Corporation, Transferor, and Bell Atlantic Corporation, Transferee, for Consent to Transfer Control of NYNEX Corporation and Its Subsidiaries*, Memorandum Opinion and Order, 12 FCC Rcd 19,985, 20,091-92 ¶ 234 (1997); *Applications of Craig O. McCaw, Transferor and American Telephone and Telegraph Company, Transferee, for Consent to the Transfer of Control of McCaw Cellular Communications, Inc. and its Subsidiaries*, Memorandum Opinion and Order, 9 FCC Rcd 5836, 5909 ¶ 137 n.300 (1994); *News Corporation and the DIRECTV Group, Inc., Transferors, and Liberty Media Corporation, Transferee, for Authority to Transfer Control*, Memorandum Opinion and Order, 23 FCC Rcd 3265, 3336 ¶ 159 (2008).

[23] 47 C.F.R. § 1.923(e)(2).

[24] Id. § 1.1307.

ATTACHMENT 1

LICENSES

Satellite Space Station Licenses

S2632
S2640
S2641
S2669
S2673
S2797
S2869
S2930
S3039

Satellite Earth Station Licenses

E010129
E010130
E020172
E030105
E030117
E040179
E040180
E050112
E050113
E050121
E050122
E050229
E050230
E050255
E050286
E050340
E060014
E060187
E060188
E060236
E060298
E060299
E060441
E070002
E070023

E070027
E070073
E070074
E070111
E070122
E070123
E080025
E080026
E080027
E080028
E080056
E080057
E090024
E090025
E090068
E090069
E090076
E090173
E100079
E100080
E100119
E100120
E100121
E100122
E120108
E120109
E120110
E130081
E140057
E140117
E140116
E150022
E150138
E160062
E170098
E170103
E170202
E170203
E170204
E200535
E200556
E201125
E201128
E201129

E201130
E930191
E930229
E930304
E930485
E980285
E990159

Private Radio Licenses

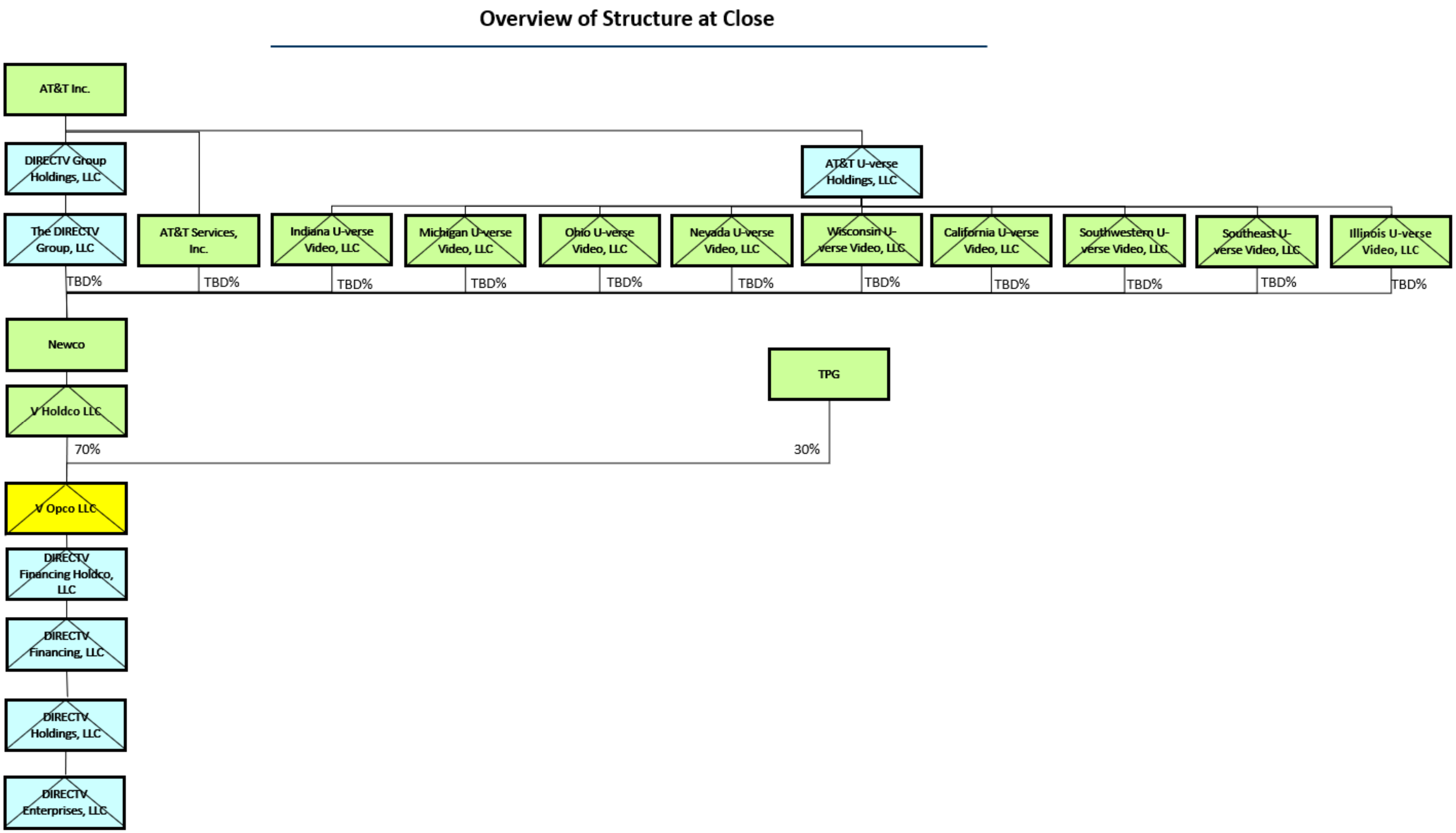
WPTZ691
WPZC401
WQIU946
WQTE840
WRAH598

ATTACHMENT 2

ORGANIZATIONAL CHARTS

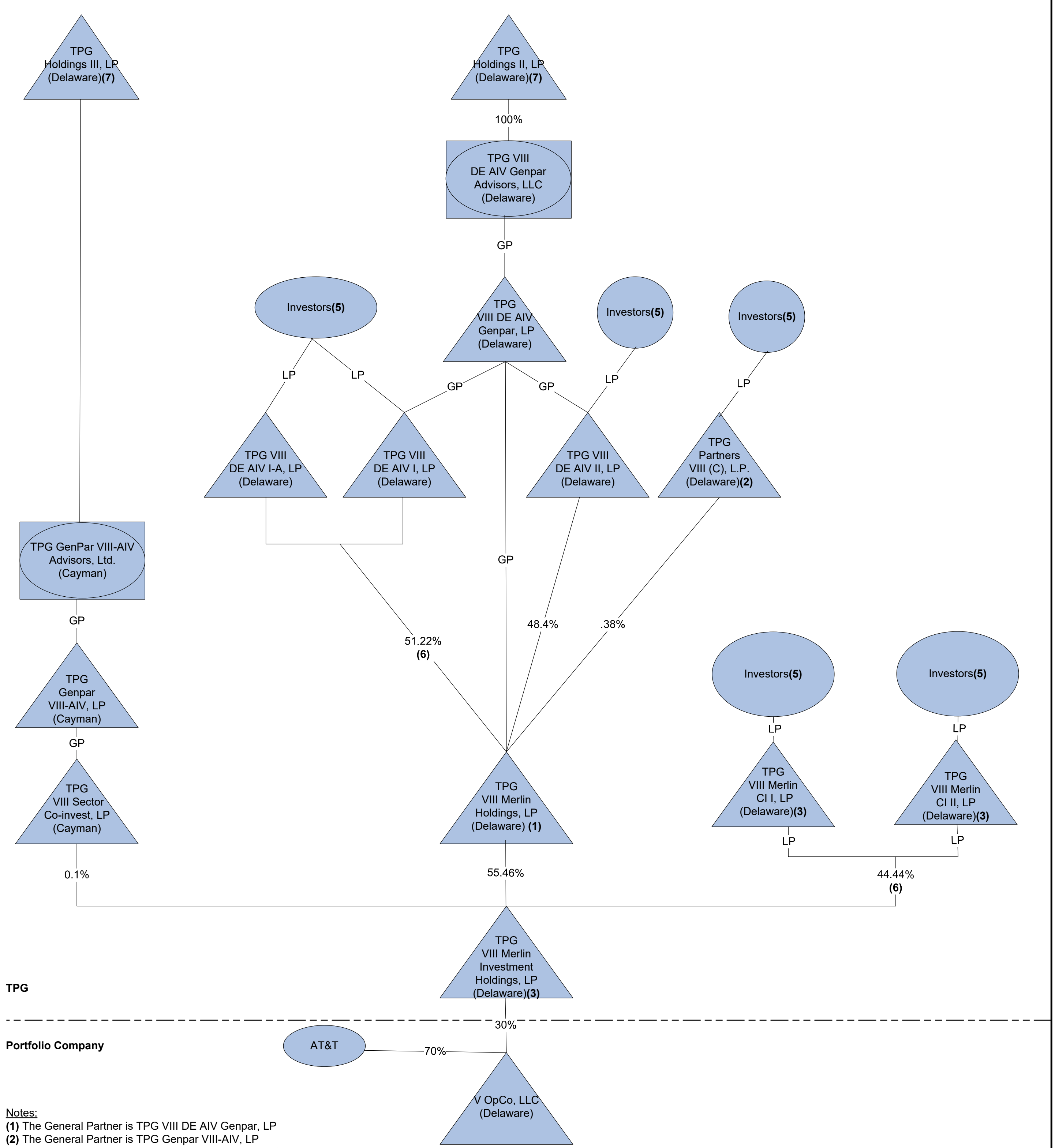
Current Structure:

Form 312
Exhibit A



* This chart represents the ultimate ownership structure for the 70% common equity interest of AT&T Inc. in the licensee, DIRECTV Enterprises, LLC. Not all intermediate entities listed here will necessarily acquire their interests in DIRECTV Enterprises, LLC, at the closing of the AT&T/TPG transaction.

TPG Post-Closing Interest in New DIRECTV



Notes:
(1) The General Partner is TPG VIII DE AIV Genpar, LP
(2) The General Partner is TPG Genpar VIII-AIV, LP
(3) The non-economic GP is TPG Merlin SPV GP, LLC (not depicted)
(4) The sole member of TPG Merlin SPV GP, LLC (not depicted) is TPG VIII DE AIV Genpar, LP
(5) No individual Investor owns 10% or more of equity interests in V OpCo, LLC
(6) On an aggregate basis
(7) Entity ultimately controlled by David Bonderman and James Coulter