

**AT&T QUARTERLY REPORT REGARDING TRANSFER OF LICENSES
FROM LEAP WIRELESS TO AT&T, COVERING THE TIME PERIOD OF
JANUARY 1 - MARCH 31, 2015**

SUBMITTED APRIL 30, 2015

INTRODUCTION

On March 13, 2014, the Commission approved the applications of AT&T Inc. (“AT&T”) and Leap Wireless International, Inc. (“Leap”) for AT&T to acquire Leap.¹ The transaction closed later that day (the “Closing”). Post-Closing, AT&T embarked on transition processes, including integrating Leap’s CDMA network into AT&T’s GSM/UMTS (including HSPA and HSPA+)/LTE network and migrating Leap’s prepaid customers to AT&T service.

In connection with its approval of the transaction, the Commission imposed on AT&T the obligation to satisfy various commitments (“Commitments”) AT&T had made in letters filed on March 6 and March 12, 2014.² These Commitments concern rate plan offerings, spectrum divestitures, roaming, the integration of Leap’s unused spectrum into AT&T’s 4G network, deployment of LTE service, the migration of Leap’s prepaid customers to AT&T’s network, and the filing of quarterly progress reports on the status of the implementation of the Commitments and AT&T’s customer migration plans.³ AT&T submitted its First Quarterly Progress Report on July 30, 2014 covering the time period March 14-June 30, 2014. AT&T followed with its Second Quarterly Progress Report on October 30, 2014 and Third Quarterly Progress Report on January 30, 2015. This is AT&T’s Fourth Quarterly Progress Report; it covers the time period January 1-March 31, 2015.

In summary, as of March 31, 2015, AT&T is substantially on track to implement the Commitments, and its transition plans are on schedule. AT&T will continue to advise the Commission in future quarterly reports of its ongoing progress.

¹ Memorandum Opinion and Order, 29 FCC Rcd. 2735 (WTB/IB 2014) (“*Order*”).

² See Notice of Oral Ex Parte Presentation by AT&T Inc. (filed March 12, 2014) (“*Clyburn Ex Parte*”); Letter from AT&T Inc. to Roger Sherman, Chief, Wireless Telecommunications Bureau (filed March 6, 2014) (“*Commitment Letter*”).

³ *Commitment Letter*, Attachments A-B; *Clyburn Ex Parte* at 1-2. Apart from rate plan offerings, AT&T’s plans for migrating Leap’s prepaid customers, including Lifeline customers, to AT&T’s network are not part of the Commitments.

THE TRANSITION PROCESS

AT&T plans to discontinue CDMA service and shut down Leap's CDMA network in three phases, or "waves," between March 15 and September 2015. Wave 1 will finish on April 15, 2015. AT&T has scheduled Waves 2 and 3 to finish on June 22 and in September 2015, respectively. Each wave addresses the customers with phone numbers (NPA-NXX) from, and the network in, specific markets. The markets covered by Wave 1 are Baltimore, Maryland; Buffalo, New York; Chicago, Illinois; Fayetteville, Arkansas; Ft. Smith, Arkansas; Little Rock, Arkansas; Milwaukee, Wisconsin; Philadelphia, Pennsylvania; Rochester, New York; Syracuse, New York; and Washington, D.C.⁴

Ahead of each wave, AT&T repeatedly notifies Leap CDMA customers in the affected markets that they will need to change devices and select a compatible rate plan in order to retain service after the transition. As described in previous reports and below, and in accordance with its Commitments, AT&T has been offering those customers promotions and incentives to migrate off of the CDMA network. AT&T is competing hard to retain these customers and to make the transition a positive experience for them. As a result, certain promotions and incentives have been more generous than required.

Each wave lasts about a month. During the wave, customers in the affected markets who have not taken advantage of AT&T's migration offers have their service suspended after the last day of their respective billing cycles. Once all customers in a market have migrated or been suspended, AT&T shuts down the CDMA network in that market.⁵

⁴ The markets were defined for Leap's network management purposes, do not necessarily correspond to any FCC-recognized license areas, and sometimes extend across state boundaries.

⁵ Prior to Wave 1, AT&T conducted a pilot transition beginning on January 25, 2015 for certain Leap CDMA customers in South Wisconsin (part of the Milwaukee network market). The pilot was highly successful in persuading Leap CDMA customers to migrate to the GSM/UMTS/LTE network. When AT&T started to notify the selected South Wisconsin CDMA customers about the transition on November 26, 2014, there were about **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** of them. By the time the transition commenced, that number had dropped to **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** of whom migrated before their service was suspended.

AT&T COMMITMENTS

RATE PLANS

AT&T Commitment: “\$25 Rate Plan: For twelve months following the merger’s closing, the New Cricket will make available in the CMAs specified in Attachment 1 below a prepaid rate plan for feature phones that includes unlimited talk and text at a rate that will not exceed \$25 per month (including all taxes and fees).”⁶

AT&T Implementation Status: AT&T has fulfilled this Commitment. Since the Closing, and in the specified CMAs, New Cricket has offered a \$25 per month prepaid rate plan for feature phones that includes unlimited talk, text, and all taxes and fees. New Cricket has no present plan to discontinue the offering.

AT&T Commitment: “\$40 Rate Plan: For eighteen months following the merger’s closing, AT&T will make available a prepaid rate plan for feature phones that includes unlimited talk, text, and data, in accordance with published speed policies, at a rate that will not exceed \$40 per month (including all taxes and fees).”⁷

AT&T Implementation Status: Since the Closing, New Cricket has made available nationwide a prepaid plan for feature phones that includes unlimited talk, text, and data, in accordance with published speed policies, for \$40 per month (including all taxes and fees). New Cricket will continue to offer the \$40 plan through September 14, 2015 (unless it offers a prepaid rate plan for feature phones that includes unlimited talk, text, and data, in accordance with published speed policies, for less than \$40 per month (including all taxes and fees)).

AT&T Commitment: Honor Legacy Leap Rate Plans: “[F]or all customers who maintain their existing Leap rate plan during the transition period (including Lifeline customers), AT&T commits that it will honor those existing rates (and for Lifeline customers, the corresponding discounts) until the earlier of such time as the customer voluntarily upgrades his or her device, chooses another rate plan, migrates to the New Cricket platform, or until sunset of the CDMA network, which AT&T anticipates will happen between 12 to 18 months from closing depending on the market. This commitment will remain in effect even where AT&T elects to relinquish Leap’s ETC designation.”⁸

⁶ Fifth Supplemental Response of AT&T Inc. to Information and Discovery Request Dated November 8, 2013, at 4, Attachment 1 (filed Mar. 6, 2014, updated Mar. 11, 2014) (“*Fifth Supplemental Response*”).

⁷ *Commitment Letter* at 3.

⁸ *Clyburn Ex Parte* at 1-2.

AT&T Implementation Status: AT&T has continued and will continue to honor the legacy Cricket CDMA rates (and for Lifeline customers, the corresponding discounts) until the earlier of such time as the customer voluntarily upgrades his or her device, chooses another rate plan, or migrates to the New Cricket platform or until the sunset of the CDMA network, which AT&T continues to anticipate will happen between 12 to 18 months from the Closing, depending on the market.

SPECTRUM DIVESTITURES

AT&T Commitment: “Within six months of the merger’s closing, AT&T will file applications with the Commission to assign or transfer control of the amounts and type of spectrum in the geographic areas identified in Attachment B (“Divestiture Assets”). AT&T reserves the right, upon notice to the Bureau, to change the specific type of spectrum to be divested in any geographic area, based on further analysis performed after the merger’s closing. Upon application by AT&T to the Bureau, the Bureau may grant one or more extensions, not to exceed 60 days in the aggregate, to allow AT&T further time to dispose of the Divestiture Assets. To the extent the applications are not filed by the relevant date, or by any extended date allowed by the Bureau, the Commission may require AT&T to surrender the Divestiture Assets.”⁹

AT&T Implementation Status: As described previously, AT&T has satisfied this Commitment.¹⁰

ROAMING

AT&T Commitment: “AT&T commits to honor the rates, terms and conditions of the CDMA roaming agreements that AT&T is assuming from Leap, and to offer CDMA voice and data roaming consistent with applicable Commission roaming rules, for so long as AT&T operates Leap’s CDMA network. Nothing in this commitment will require AT&T to modify the rates, terms, or conditions of any CDMA roaming agreement it assumes from Leap.”¹¹

AT&T Implementation Status: AT&T continues to honor the rates, terms, and conditions of these agreements, which remain in effect as of March 31, 2015. AT&T intends to discontinue operation of the CDMA network in Wave 1 markets on April 15, 2015. Consistent with industry

⁹ See *Commitment Letter* at 3, Attachment B (list of divestiture CMAs). On April 14, 2014, AT&T notified the Wireless Telecommunications Bureau that it was exercising its right under the *Commitment Letter* to change the type of spectrum to be divested in certain CMAs. See Letter from Joan Marsh, Vice President – Federal Regulatory, AT&T, to Marlene H. Dortch, Esq., Secretary, Federal Communications Commission, at 1-2 (filed April 14, 2014).

¹⁰ Third Quarterly Progress Report at 3-4; Second Quarterly Progress Report at 3-4.

¹¹ See *Commitment Letter* at 3.

practices, AT&T has sent technical data sheets to roaming partners detailing where it will no longer provide CDMA roaming as of that date. In accordance with the inherited CDMA roaming agreements, AT&T also has notified Leap's CDMA roaming partners that AT&T will complete shutting down the Leap CDMA network in September.

NETWORK DEPLOYMENT

AT&T Commitment: Unused Spectrum: "AT&T has provided the Commission with detailed estimates of where it anticipates it will begin deploying Leap's unused, contiguous AWS-1 spectrum for LTE service within 90 days of the merger's closing and where it anticipates it will begin deploying Leap's unused AWS or PCS spectrum for LTE service within 12 months of the merger's closing. Within 30 days of the merger's closing, AT&T will provide updated estimates of where it anticipates it will begin deploying Leap's unused spectrum within 90 days and 12 months of the merger's closing. As part of the Progress Reports described below, AT&T commits to providing detailed quarterly reports outlining its progress toward completing the deployments set forth in the updated estimates."¹²

AT&T Implementation Status of Its Commitment to File Updated Estimates: As previously reported, AT&T satisfied this Commitment on April 14, 2014.

AT&T Implementation Status of Its Commitment to Deploy Unused Spectrum Within 90 Days of Closing: AT&T previously reported that it had satisfied this Commitment.

AT&T Implementation Status of Its Commitment to Deploy Unused Spectrum Within 12 Months of Closing: AT&T previously reported that it planned to deploy Leap's unused AWS or PCS spectrum for LTE service within 12 months of Closing in [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CMAs,¹³ [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] in AT&T's own network¹⁴

¹² See *Commitment Letter* at 4.

¹³ See Third Quarterly Progress Report at 5, 7 & n.16; Second Quarterly Progress Report at 5, 7-8 & n.16; First Quarterly Progress Report at 5; *April 2014 Submission* at 2; *id.*, Attachment 2.

¹⁴ As reported previously, AT&T swapped the unused Leap spectrum in CMA117 (Colorado Springs, CO) and CMA661 (Texas 10 – Navarro) for T-Mobile spectrum in those CMAs. Third Quarterly Progress Report at 5 n.12; Second Quarterly Progress Report at 7 n.15. These swaps provided each carrier with larger contiguous blocks of spectrum. As a result, subscribers of both carriers will enjoy a better customer experience and higher mobile broadband speeds. Within one year of Closing, AT&T was providing LTE service in both markets over the former T-Mobile spectrum.

and one by leasing the spectrum to an AT&T roaming partner for use in its network by AT&T customers and others. (As previously explained, AT&T does not have its own network infrastructure in the latter CMA.)¹⁵

AT&T has met this 12-month Commitment on schedule for these [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CMAs. AT&T has begun to transmit LTE service over Leap's unused AWS-1 and PCS spectrum in the [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CMAs where it is deploying the spectrum in its own network. Panhandle Telecommunication Systems, Inc. ("Panhandle") likewise has begun to provide LTE service to AT&T customers over the unused Leap spectrum Panhandle is leasing from AT&T in CMA596 (Oklahoma 1 – Cimarron).¹⁶

AT&T Commitment: "LTE Services: Within twelve months of the merger's closing, AT&T will deploy LTE service sufficient to provide coverage to 90% of the geographic area in two CMAs in South Texas: CMA112 (Corpus Christi, TX) and CMA128 (McAllen-Edinburg-Mission, TX).

Further, within twelve months of the merger's closing, AT&T will deploy LTE service sufficient to provide coverage to 50% of the geographic area in CMA281 (Laredo, TX), CMA670 (Texas RSA 19 – Atascosa), and CMA671 (Texas RSA 20 – Wilson), and to 40% of the geographic area in CMA669 (Texas RSA 18 – Edwards) and within eighteen months of the merger's closing, AT&T will deploy LTE service sufficient to provide coverage to 80% of the geographic area in CMA281 (Laredo, TX), CMA670 (Texas RSA 19 – Atascosa), and CMA671 (Texas RSA 20 – Wilson), and to 70% of the geographic area in CMA669 (Texas RSA 18 – Edwards).

These LTE deployment commitments are dependent on AT&T's ability to secure zoning and permitting for new equipment and to acquire or supplement high-speed backhaul transport as required for new sites as a predicate to deploying LTE in AT&T's network."¹⁷

¹⁵ Second Quarterly Progress Report at 7-8.

¹⁶ Panhandle's RAN is engineered according to AT&T's own network standards and specifications and is tied into AT&T's core network for switching and other services. When using Panhandle's RAN, AT&T customers perceive they are on AT&T's network and receive an equivalent network experience. See Third Quarterly Progress Report at 7; Second Quarterly Progress Report at 8.

¹⁷ *Commitment Letter* at 3 (emphases added).

AT&T Implementation Status: As described in AT&T’s Third Quarterly Progress Report, AT&T had met these LTE coverage benchmarks for both the 12- and 18-month post-Closing periods for these South Texas CMAs.

DEVICE COMMITMENTS

AT&T Commitment: “Device Trade-In Credits: [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]”¹⁹

¹⁸ [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]

AT&T Commitment: “Feature Phone Trade-In Program: [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]²⁰

AT&T Implementation Status: In Wave 1 markets,²¹ AT&T began to offer these device trade-in credits on November 16, 2014 – much more than two months in advance of discontinuing CDMA service in those markets.²² At the same time, AT&T began to offer **[BEGIN AT&T CONFIDENTIAL INFORMATION]**

[END AT&T CONFIDENTIAL INFORMATION] in all Leap markets, regardless of wave.²³

Starting on November 24, 2014, AT&T has sent biweekly text messages to customers with phone numbers from the Wave 1 markets advising them of the credits (“Marketing Texts”). AT&T also has sent text messages to those customers that their CDMA service was going to be suspended (“Suspension Texts”). Suspension Texts began 60 days ahead of the suspension and continued biweekly. The Marketing Texts and Suspension Texts were sent in alternate weeks, so each remaining Wave 1 CDMA customer received a weekly text about the transition during the final 60 days. On April 3, 2015, each of those customers received a further text message that AT&T was going to shut down the CDMA network on April 15, 2015, and that the customer would not be able to keep his/her phone number if he/she did not migrate before then. In

¹⁹ *Fifth Supplemental Response* at 5-6. AT&T specified various qualifications to this offer. *See id.* at 6. Although these qualifications still apply, AT&T is not restating them here in the interests of concision.

²⁰ *Id.* at 6-7.

²¹ In advance of the shutdown of the CDMA network in Wave 1 markets on April 15, 2015, customers who had chosen not to take AT&T’s migration offers began to have their service suspended starting on March 15, 2015. *See* page 2 above.

²² For those South Wisconsin customers who were part of the pilot transition, *see* n.5 above, the notifications preceded the pilot by approximately two months.

²³ In addition, customers taking advantage of this offer receive the trade-in value of their devices in their current conditions.

addition, in February 2015, AT&T used U.S. mail to advise certain Wave 1 customers of the trade-in program and the termination of CDMA service.²⁴

On March 8, 2015, AT&T began to offer the trade-in credits for **[BEGIN AT&T CONFIDENTIAL INFORMATION]** **[END AT&T CONFIDENTIAL INFORMATION]** devices to all Cricket customers, regardless of wave. All remaining CDMA customers in all markets received a text message about the trade-in offer on March 11, 2015.

SIM SWAPS

AT&T Commitment: “In addition to other programs and incentives that will be available to all Leap customers, AT&T will establish a process by which Leap customers with legacy Leap iPhone models 4s, 5, 5c, and 5s can visit a New Cricket store and receive a replacement SIM card that will allow the customer to migrate to AT&T’s network without having to replace his or her device.”²⁵

AT&T Implementation Status: Beginning on May 18, 2014, Leap customers with legacy iPhone models 4s, 5, 5c, and 5s have been able to visit a New Cricket store (including dealers) and receive a free replacement SIM card that will enable the customer to receive service on New Cricket’s network after the replacement SIM card is inserted into the iPhone. Upon request, the replacement is performed by store personnel. On October 19, 2014, AT&T further expanded customer options by offering the free replacement SIM cards through the New Cricket website.

AT&T PROGRESS ON CUSTOMER MIGRATION

AT&T notified Leap customers via text message, in stores, and online in connection with the Closing and the launch of New Cricket on May 18, 2014. Beginning with the launch of New Cricket, AT&T began offering New Cricket devices and rate plans to Leap customers and has migrated approximately **[BEGIN AT&T CONFIDENTIAL INFORMATION]** **[END AT&T CONFIDENTIAL INFORMATION]** CDMA customers to the New Cricket network through March 31, 2015. Subsequent to the launch of New Cricket, AT&T discontinued sales of CDMA devices (other than to Lifeline subscribers) at New Cricket stores

²⁴ Consistent with the Commitments, AT&T mailed the customers for which it believed it had valid names and mailing addresses.

²⁵ Letter from Joan Marsh, Vice President – Federal Regulatory, AT&T, to Marlene H. Dortch, Secretary, Federal Communications Commission (filed Mar. 12, 2014).

and local dealers.²⁶ AT&T generally ceased sales of Cricket CDMA devices through national retail stores in October 2014.²⁷

²⁶ Upon request, AT&T continues to reactivate Cricket CDMA devices for customers whose service had been suspended, provided that the reason for the suspension no longer exists and that the beginning of service suspensions in connection with turning down the CDMA network in the market associated with the customer's account is more than 60 days away.

²⁷ As mentioned previously, one national retailer continued to have a small volume of sales in the remainder of the fourth quarter of 2014. Third Quarterly Progress Report at 10 n.23. That retailer also had a handful of sales in the first part of this past quarter but has now stopped them fully.