

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

SUBMITTED APRIL 30, 2015

INTRODUCTION

On September 20, 2013, the Commission approved the applications of AT&T Inc. (“AT&T”) and Atlantic Tele-Network, Inc. (“ATN”) for AT&T to acquire the retail wireless operations and associated assets (including customers, wireless spectrum, network equipment, and other assets) of ATN’s subsidiary Allied Wireless Communications Corporation (“Allied”).¹ The transaction closed later that day (the “Closing”). Post-Closing, AT&T embarked on transition processes, including integrating Allied’s CDMA network into AT&T’s GSM/UMTS (including HSPA and HSPA+)/LTE network and migrating Allied’s customers² 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 a letter filed on September 18, 2013 (the “Commitment Letter”).³ These Commitments concern roaming, the integration of Allied’s CDMA network into AT&T’s 4G network, migration of Allied’s postpaid 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.⁴ AT&T submitted its First Quarterly Progress Report on January 10, 2014, covering the time period of September 20-December 31, 2013. AT&T followed with its Second Quarterly Progress Report on April 30, 2014, Third Quarterly Progress Report on July 30, 2014, Fourth Quarterly Progress Report on October 30, 2014, and Fifth Quarterly Progress Report on January 30, 2015. This is AT&T’s Sixth Quarterly Progress Report covering the time period January 1-March 31, 2015. It details AT&T’s progress towards implementing the Commitments and AT&T’s customer migration plans as of March 31, 2015, except where a later date is specified.

¹ *Applications of AT&T Inc. and Atlantic Tele-Network, Inc. for Consent to Transfer Control of and Assign Licenses and Authorizations*, Memorandum Opinion and Order, 28 FCC Rcd. 13,670 (2013) (“*Order*”).

² Allied’s customers were located in mostly rural parts of Georgia, Idaho, Illinois, North Carolina, Ohio, and South Carolina.

³ *Order*, 28 FCC Rcd. at 13,721-22 ¶¶ 94, 96, 98, 99 (citing Letter from Joan Marsh, AT&T Inc., to Ruth Milkman, Chief, Wireless Telecommunications Bureau, Appendix A (Sept. 18, 2013) (“*Commitment Letter*”).

⁴ *Commitment Letter*, Attachment A, at 3-4. AT&T’s plans for migrating Allied’s prepaid customers, including Lifeline customers, to AT&T’s network are not part of the Commitments. Rather, they were summarized in AT&T’s Fifth Supplemental Response to the FCC Information and Discovery Request. Fifth Supplemental Response of AT&T Inc. to Information and Discovery Request Dated June 5, 2013, at 2-3 (Sept. 18, 2013) (“*5th Supplemental Response*”).

In summary, as of March 31, 2015, AT&T is substantially on track to implement the Commitments, and it has completed the customer migration as planned and on schedule. Of course, as detailed below and as contemplated by the *Commitment Letter*, the transition is not yet complete. AT&T will continue to advise the Commission in future quarterly reports of its ongoing progress and any significant new issues that may emerge.

AT&T COMMITMENTS

ROAMING

AT&T Commitment: “Roaming: AT&T will offer CDMA voice and data roaming services, consistent with applicable Commission roaming rules, over Allied’s 3G EV-DO network until at least June 17, 2015, except at Allied’s nine sites in CMAs 381 and 384. AT&T commits to honor the prices, terms and conditions of the contracts that AT&T is assuming from Allied. Nothing in this commitment will require AT&T to modify the rates or other terms or conditions of any CDMA roaming agreement it assumes from Allied. This commitment does not apply to (a) any properties other than those that AT&T is acquiring through the Allied transaction, or (b) any properties that AT&T does not control.”⁵

AT&T Implementation Status: In the transaction, AT&T assumed 34 CDMA roaming agreements to which Allied was a party. 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 continue to offer CDMA voice and data roaming services, consistent with applicable Commission roaming rules, over Allied’s 3G EV-DO network until June 17, 2015, except at Allied’s nine former sites in CMAs 381 and 384. Consistent with the contract terms, AT&T has provided the CDMA roaming agreement partners notices and technical data sheets regarding AT&T’s plans to decommission the CDMA network and terminate the roaming agreements as of June 17, 2015.

NETWORK DEPLOYMENT

AT&T Commitment: “HSPA+: Within fifteen months of closing, AT&T will deploy 4G HSPA+ service at all current Allied sites that will be integrated into the AT&T network.”⁶

AT&T Commitment: “LTE: Within eighteen months of closing, AT&T will deploy 4G LTE service at all current Allied cell sites that will be integrated into the AT&T network and at which AT&T currently holds AWS or Lower 700 MHz B or C block spectrum where high-speed backhaul service is currently available to AT&T. AT&T preliminarily has identified a fiber Ethernet-to-the-Cell (“ETTC”) backhaul solution at approximately 70% of Allied cell sites that will be integrated into the AT&T network. AT&T expects to deploy high-speed backhaul solutions at an additional 10% of the integrated Allied sites within 36 months of closing. AT&T shall use its best efforts to identify backhaul solutions for sites currently lacking fiber backhaul

⁵ *Commitment Letter*, Attachment A, at 3; *Order*, 28 FCC Rcd. at 13,721 ¶ 95.

⁶ *Commitment Letter*, Attachment A, at 3; *Order*, 28 FCC Rcd. at 13,720 ¶ 92.

availability and shall report to the Commission, on a quarterly basis, on its progress in that regard in the Progress Reports provided for herein.”⁷

AT&T Implementation Status of Its HSPA+ Network Build-Out Commitment: In the transaction, AT&T assumed Allied’s interest in [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] cell sites. Of the [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] cell sites, AT&T said in its previous quarterly reports that it had identified [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] Allied cell sites it intends to integrate into its 4G network.⁸ Of these [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] sites, AT&T had upgraded [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] sites (the “CDMA Sites”) to HSPA+ and completed their integration into AT&T’s network within 15 months of Closing (December 20, 2014). That upgrade and integration work substantially fulfilled AT&T’s HSPA+ Build-Out Commitment.

AT&T could not deploy HSPA+ service at the remaining [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] sites because it did not have certain required third-party consents.⁹ During the first quarter of 2015, AT&T obtained consent from the Department of Defense and thus was able to upgrade three of the remaining [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] sites (all at Fort Stewart) with HSPA+. Those three sites are providing service, bringing the total to [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] HSPA+ cell sites, as of March 31, 2015.¹⁰

⁷ *Commitment Letter*, Attachment A, at 3; *Order*, 28 FCC Rcd. at 13,720 ¶ 92.

⁸ Fourth Quarterly Progress Report at 3; *see also* First Quarterly Progress Report at 2; Second Quarterly Progress Report at 2. In the Fourth Quarterly Progress Report, AT&T advised the Commission that the owner of one tower had been unwilling to amend the lease to permit AT&T to deploy HSPA+ and LTE service. Fourth Quarterly Progress Report at 3. That owner remains unwilling to do so.

⁹ Fifth Quarterly Progress Report at 3 n.9.

¹⁰ The owner of the [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] continues to take longer than AT&T had expected to approve the lease amendment enabling the HSPA+ upgrade. Over the past quarter, however, the owner has approved the proposed structural modifications for the upgrade and has issued a notice to proceed to allow AT&T to begin ground construction at the site. AT&T now expects to have an executed lease amendment and to have deployed HSPA+ at this site [BEGIN AT&T HIGHLY CONFIDENTIAL

AT&T Implementation Status of Its LTE Network Build-Out Commitment: AT&T has satisfied this Commitment. AT&T offers LTE service at [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CDMA Sites as of March 31, 2015.¹¹ Thus, AT&T already has deployed LTE service at more CDMA Sites than it had projected serving in September 2016.

Moreover, AT&T continues to deploy LTE service at additional CDMA Sites. To support this deployment, AT&T is obtaining fiber-based ETTC backhaul wherever it is commercially reasonable to do so.¹² AT&T has identified – and has awarded service contracts for – fiber-based ETTC backhaul solutions for [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] additional CDMA Sites. At [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] of these sites, AT&T is in the process of installing antennas and radios. AT&T is reinforcing the tower structures at [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] sites to withstand the greater loads needed to support the LTE equipment, and AT&T plans to reinforce the structures at [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] more sites by the end of the third quarter. For [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] further sites, AT&T is designing the necessary structural reinforcements. Finally, lease agreements or amendments for LTE antenna slots and other associated space at the remaining [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] sites either are still under negotiation or await execution.

Where AT&T has been unable to identify a willing and qualified ETTC service provider, AT&T has identified Ethernet backhaul via microwave solutions to support the LTE upgrades at [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] additional CDMA Sites. These solutions use a point-to-

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¹¹ AT&T offered LTE service at [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CDMA Sites within 18 months of Closing (March 20, 2015). Of the CDMA Sites with LTE service as of March 31, 2015, [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

¹² Commercial reasonableness in this context is based primarily on the availability of Ethernet service providers with the necessary expertise and resources to complete this work at the specific locations, many of which are rural and isolated.

point microwave path between the CDMA Site without fiber-based ETTC and a nearby “drain” site on the integrated network that has fiber-based Ethernet backhaul.¹³

CUSTOMER MIGRATION

Postpaid Customer Migration:

AT&T Commitment: “Postpaid Customer Migration: At the point that AT&T is ready to transition a postpaid Allied customer to AT&T’s network, AT&T will offer the customer a handset comparable to his or her existing handset at no cost to the customer and without requiring a contract extension. AT&T will provide each customer with a list of comparable handsets from which they may choose at no cost, as well as the option to purchase a different handset. Each Allied customer that chooses a handset from the list provided will receive a new handset. All handsets that AT&T offers Allied customers as comparable replacements for their CDMA devices will be 3G UMTS Terrestrial Radio Access handsets or better. This means that, even if an Allied customer has a 2G handset, the Allied customer will be offered a 3G or better handset at no cost to the customer. Allied customers with CDMA iPhones as of the date of close will be offered the same or a more recent iPhone model that works on AT&T’s network without an additional charge and without having to change their existing rate plans. In addition, as is the case for all Allied customers, customers with iPhones will have the option of upgrading their handset and adopting an AT&T rate plan that is compatible with the upgraded handset.”¹⁴

AT&T Implementation Status: AT&T has completed its postpaid customer migration. Allied postpaid customers were able to arrange their migrations online, in AT&T retail locations (including former Allied retail locations), or by calling customer service. Migrating subscribers were able to select, at no cost to the customer, a new 3G or 4G device comparable to their pre-migration CDMA devices. They also were able to select AT&T rate plans – either ones that are substantially similar to the customers’ prior Allied rate plans or different ones chosen by the customer.¹⁵

¹³ Due to the significant time periods required for design, licensing, zoning, and construction, microwave solutions often take longer to deploy than fiber-based ETTC backhaul. For example, the considerable structural modifications required for mounting microwave antennas on towers typically take over six months to complete.

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¹⁴ *Commitment Letter*, Attachment A, at 3-4; *Order*, 28 FCC Rcd. at 13,722 ¶ 97.

¹⁵ Third Quarterly Progress Report at 9.

As indicated in AT&T's Response to the Information and Discovery Request, the postpaid customer migration occurred on a rolling market-by-market basis.¹⁶ AT&T previously migrated customers with billing addresses in Idaho, Illinois, and Ohio. During the first quarter of 2015, AT&T transitioned the remaining former Allied postpaid customers with billing addresses in Georgia, North Carolina, and South Carolina. All the transitions were similar in their sequence of steps, cadence, and communications.

Prepaid Customer Migration

AT&T Plan: "At closing, Allied prepaid customers will continue to use their service at their current pricing plans. AT&T intends to stop selling new CDMA prepaid services as soon as practicable after closing. Alternative prepaid options will generally be available in the market. To the extent Allied prepaid customers remain active on the CDMA network near the end of the transition period for each market, it is AT&T's intent to make an attractive migration offer to incent those remaining customers to migrate to AT&T's HSPA+ or LTE network. The objective of these efforts is, that at the end of the transition period for each market, no more than 10% of the active Allied prepaid customers at the date of closing will still need to be migrated. AT&T will include in its quarterly progress reports both the efforts undertaken to migrate prepaid customers and its progress in doing so."¹⁷

AT&T Efforts: At Closing, AT&T acquired approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] active¹⁸ former Allied prepaid customers (the "Active Prepaid Base"), including mobile broadband customers, in six states. During the first quarter of 2015, AT&T completed the migration of all former Allied prepaid customers.

AT&T generally ceased sales of new CDMA prepaid service in AT&T retail locations (including former Allied retail locations) as of April 1, 2014. New CDMA prepaid service sold through AT&T's indirect distribution generally ceased as of May 1, 2014. A limited number of exceptions subsequently were made for sales of CDMA prepaid services to avoid hardships for customers. For example, AT&T sold CDMA prepaid service to customers who frequent areas where AT&T's ongoing HSPA+ build-out had not yet established reliable coverage. AT&T

¹⁶ Response of AT&T Inc. to Information and Discovery Request Dated June 5, 2013, at 23 (June 19, 2013).

¹⁷ 5th Supplemental Response at 2.

¹⁸ AT&T defines an "active" prepaid subscriber as one who on a given date (i) is within the period covered by his or her last payment ("replenishment period") or (ii) is 59 or fewer days after the expiration of the replenishment period ("grace period"). During the 59-day grace period, a prepaid customer may replenish his or her account and resume service without losing his or her telephone number or acquiring a new handset. For example, if on September 20, 2013, Allied prepaid customer X was in the thirtieth day of a 60-day replenishment period, AT&T would have deemed X an "active" prepaid customer. If X's replenishment period had expired on August 20, 2013, AT&T also would have deemed X "active" as of September 20, 2013, as she would have been in the thirtieth day of the 59-day grace period.

began the prepaid subscriber migration in each market by informing its prepaid customers there of AT&T's prepaid migration offer via SMS as well as in-store and call center communications.¹⁹ By January 4, 2015 (earlier in most Allied markets), existing customers stopped being able to add money to their accounts as AT&T's HSPA+ network had become available throughout the Allied footprint. Customers with money in their accounts were able to keep using CDMA prepaid service until AT&T shut down Allied's retail CDMA network over the night of February 22-23, 2015.

The chart below presents (by state) the number of active prepaid customers as of the date of Closing, the number of those customers at Closing who left the network through September 30, 2014, and those remaining on February 22, 2015, the last day of the migration period (the latter number reflects both added and discontinued subscribers since Closing).²⁰

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Lifeline Customer Migration

AT&T Plan: "Allied Lifeline customers will initially be able to continue to use their phones as they do today. It is AT&T's intent to transfer these customers to a comparable postpaid plan, with a price substantially similar to their Allied Lifeline plan, while they are still supported by Allied's network. Once transferred, they will be treated as postpaid customers for purposes of

¹⁹ As previously reported, Fifth Quarterly Progress Report at 7, unlike postpaid customers, Allied prepaid customers were not automatically migrated to AT&T's network. Prepaid customers had to choose to migrate to AT&T or another carrier, or eventually they ran out of minutes or the network was shut down.

²⁰ The numbers exclude prepaid customers who were former Allied Lifeline customers because they were the subject of separate, distinct migration plans discussed below.

the migration to AT&T's network: they will be migrated to a comparable AT&T postpaid plan, with a price substantially similar to the customer's original Lifeline plan, with a comparable device, preselected by AT&T, at no cost. Lifeline customers will also be permitted to terminate service at any time, before migration to AT&T's network, with no ETF so that they may consider alternative Lifeline service providers. AT&T will attempt, to the extent feasible, to provide customers with information about available Lifeline service providers in the market."²¹

AT&T Efforts: AT&T completed the migration of former Allied Lifeline prepaid customers ("FLL Customers") according to its plan. At Closing, AT&T acquired 50,628 FLL Customers. As previously described, as of December 31, 2014, no FLL customer continued to receive Allied Lifeline prepaid service, and AT&T had migrated **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** FLL Customers to Allied postpaid rate plans with prices substantially similar to the prepaid Lifeline plans to which they had subscribed.²² The FLL customers who had migrated to Allied postpaid rate plans then were migrated a second time, along with the other Allied postpaid customers in their markets, to AT&T postpaid plans.²³ As noted above, AT&T carried out the final postpaid migrations – for customers with billing addresses in Georgia, North Carolina, and South Carolina – in the first quarter of 2015.

²¹ *5th Supplemental Response* at 3.

²² Fifth Quarterly Progress Report at 9. AT&T did not migrate FLL customers who voluntarily chose alternative services.

²³ In general, the migration of FLL customers from Allied postpaid plans to AT&T postpaid plans proceeded the same as the migration of other Allied postpaid customers (which is described above). Like those other Allied postpaid customers, FLL customers received comparable devices for use on AT&T's network at no cost; however, AT&T selected the devices for the FLL customers.