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June 22, 2007

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th St., SW
Washington, DC 20554

Re: Notification of *Ex Parte* Communication
WT Docket Nos. 96-86, 06-150, 06-169; PS Docket No. 06-229

Dear Ms. Dortch:

This letter is to report a permitted, oral *ex parte* communication of Frontline Wireless, LLC ("Frontline") concerning the above-referenced proceedings.

On June 22, 2007, Reed Hundt met with Commissioner Jonathan Adelstein and Commissioner Adelstein's Spectrum Advisor, Barry Ohlson. In the meeting, the parties discussed Frontline's Public Safety Deployment Plan and the many benefits the public/private partnership proposed by Frontline would provide the public safety community. Further, the parties spoke about Frontline's commercial provisions designed to promote innovation, competition, roaming and rural services. Finally, they discussed whether the Commission's small business credit policies should be withheld from the E Block auction. The attached slides were presented in the meeting.

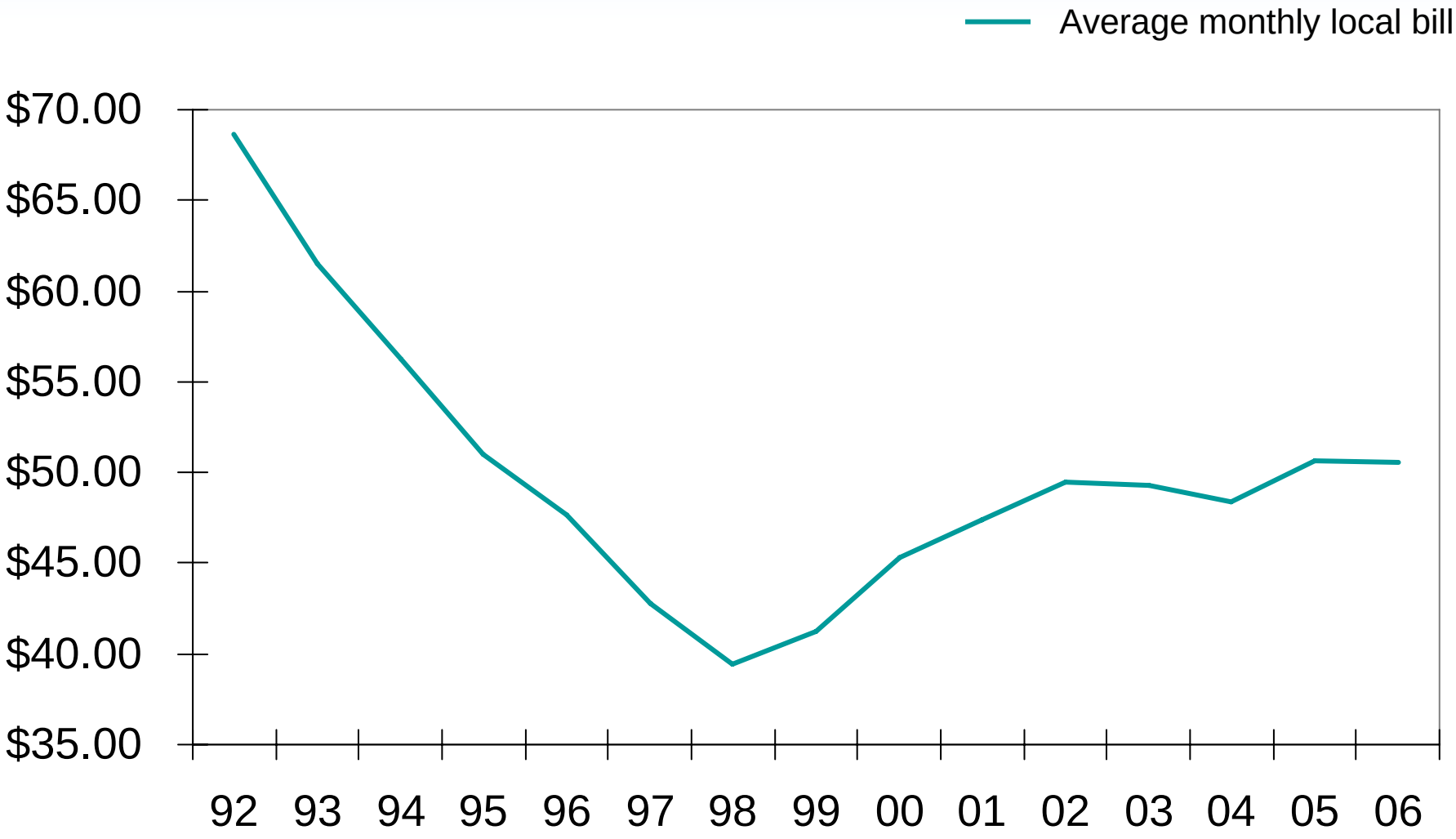
Please direct any questions concerning this matter to the undersigned.

Sincerely,

Gerard J. Waldron
Counsel to Frontline Wireless, LLC

cc: Commissioner Jonathan Adelstein

Wireless prices rise . . .

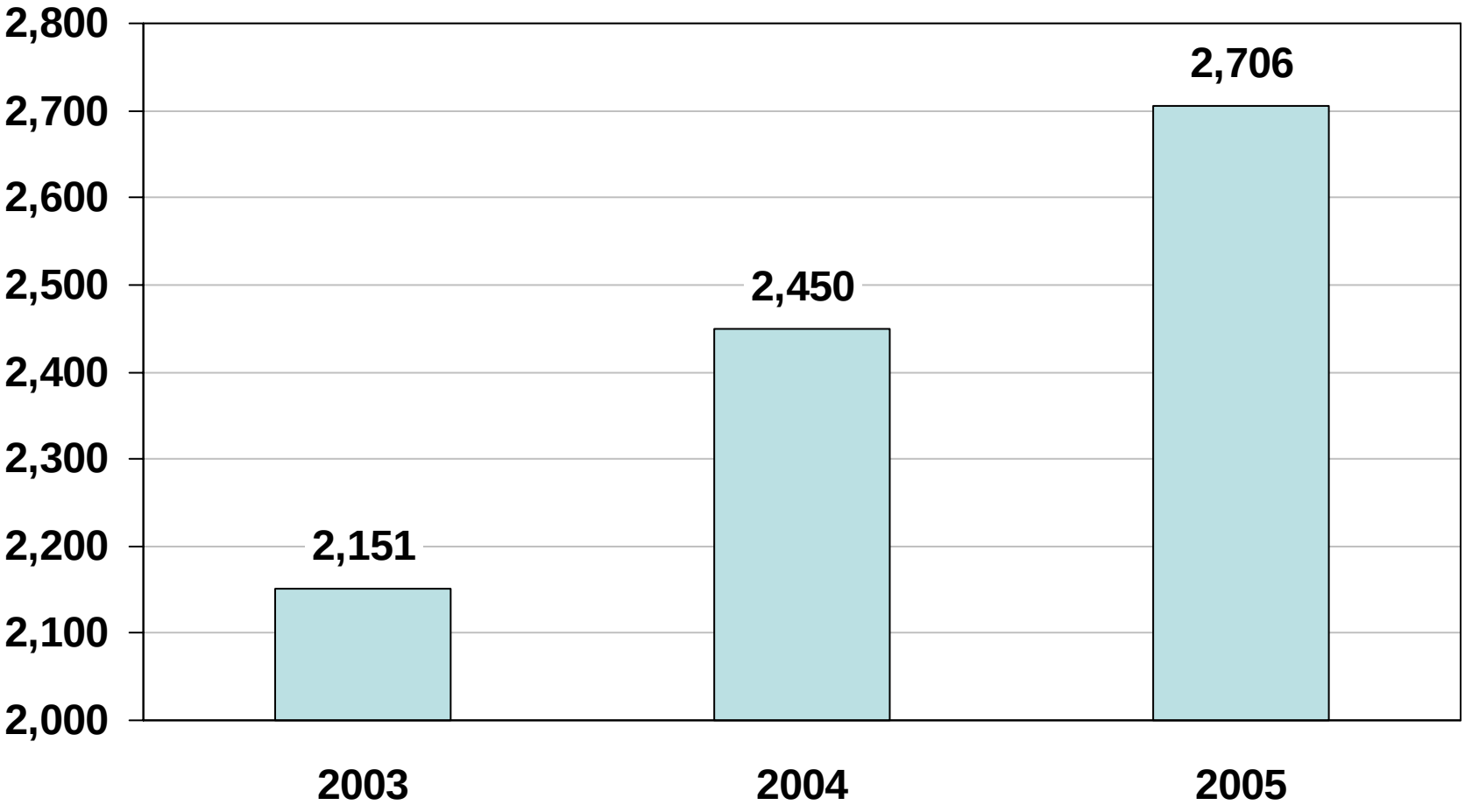


Source: CTIA

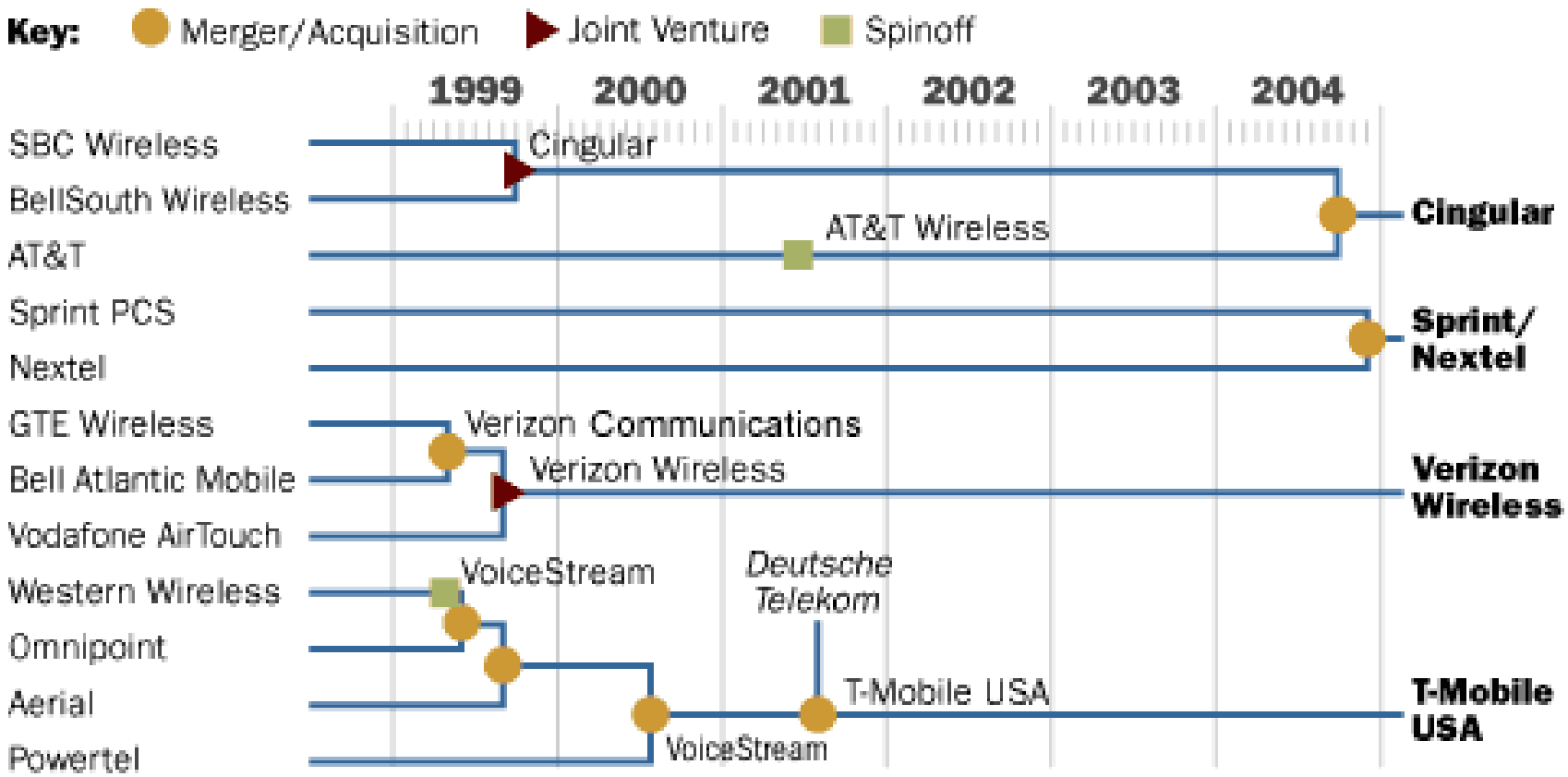
. . . as industry concentrates

Average Market HHI

(DOJ defines HHI > 1,800 as "Highly Concentrated")



4 national firms emerge



- As a result of this consolidation, wireless market is “highly concentrated”
- HHI increased over 200 points in most recent recorded year
- Roaming rates are very high as national carriers have gobbled up regionals

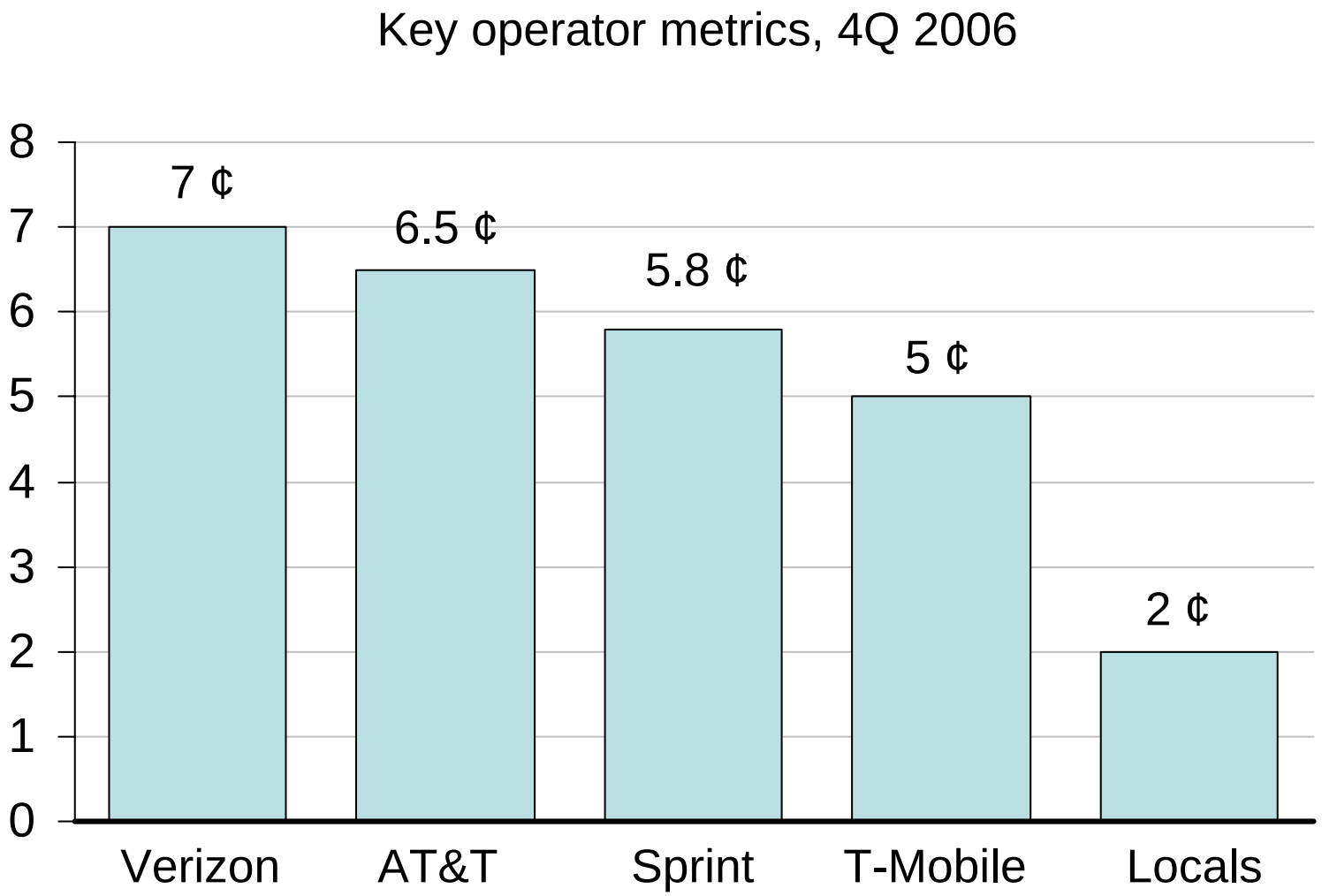
Source: FCC; Wall Street Journal

And two firms dominate

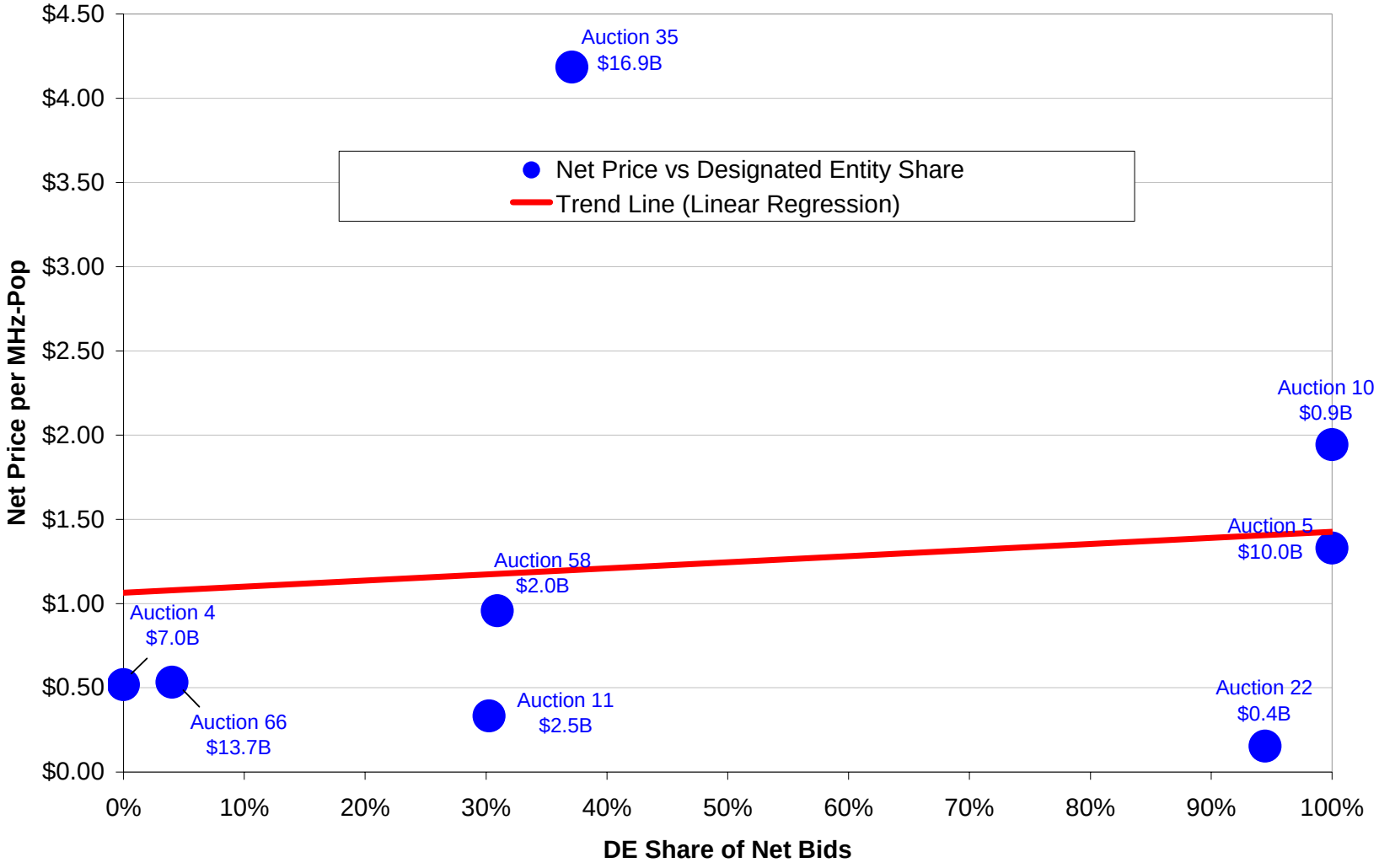
	Verizon	AT&T	Combined
Average Spectrum	60 MHz	75 MHz	135 MHz
Wireless Subs	59 Million	61 Million	120 Million
Subscriber Share	25%	26%	51%
Share of Net Additions	32%	32%	64%
Operating Cash Flow	$22.6 Billion	$17.8 Billion	$40.4 Billion

- Inheritors of original 800 MHz Cellular licenses, given by government via lottery (not auction), which provide a big coverage and quality advantage
- Aim to warehouse spectrum, especially 700 MHz low frequency licenses, to block competitors
- Support any public policy (e.g., large license sizes, open bidding) that allows them to use their scale to advantage

VZ and AT&T price high per minute

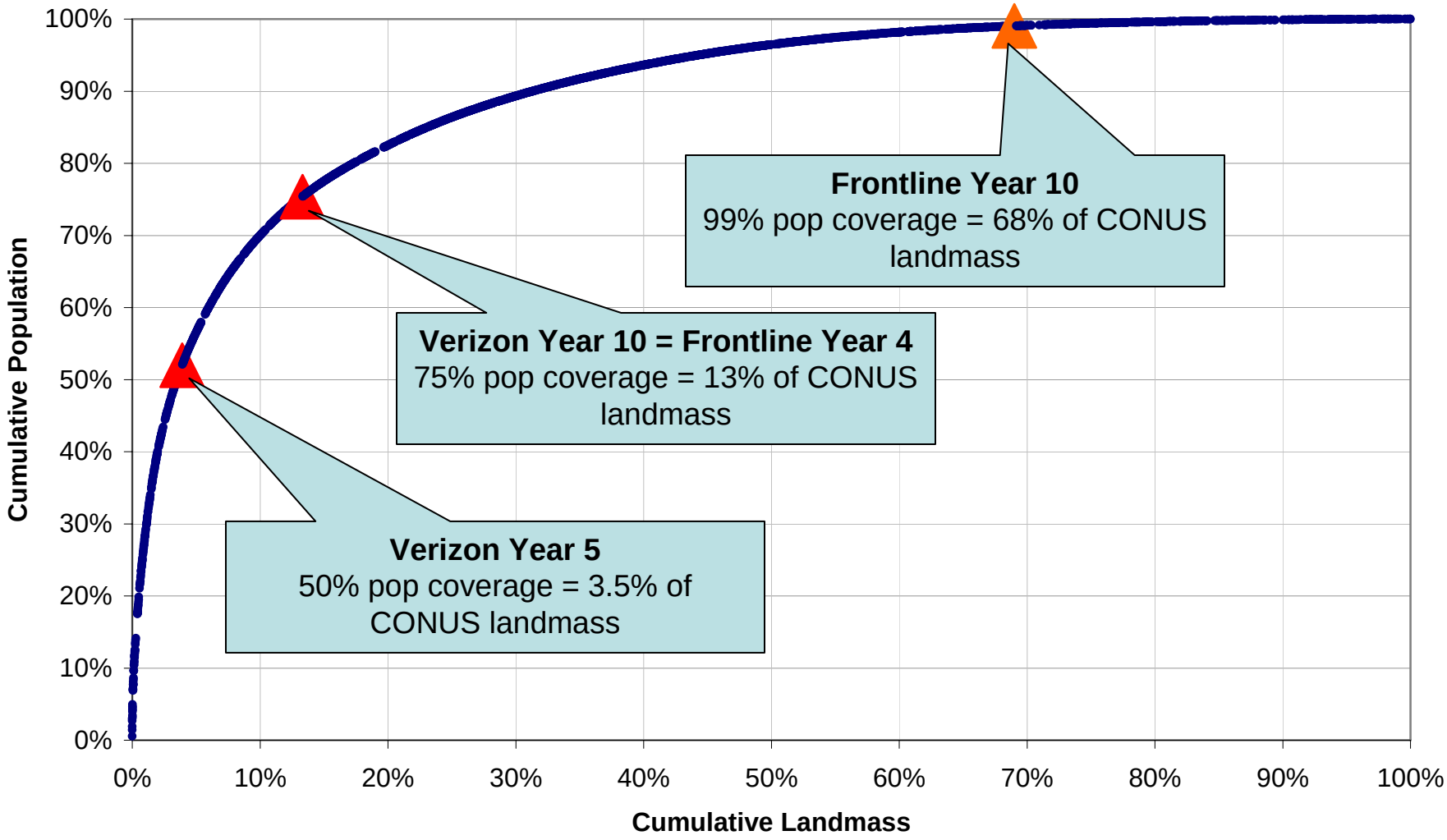


More bidding credit bidders leads to more competition and higher prices

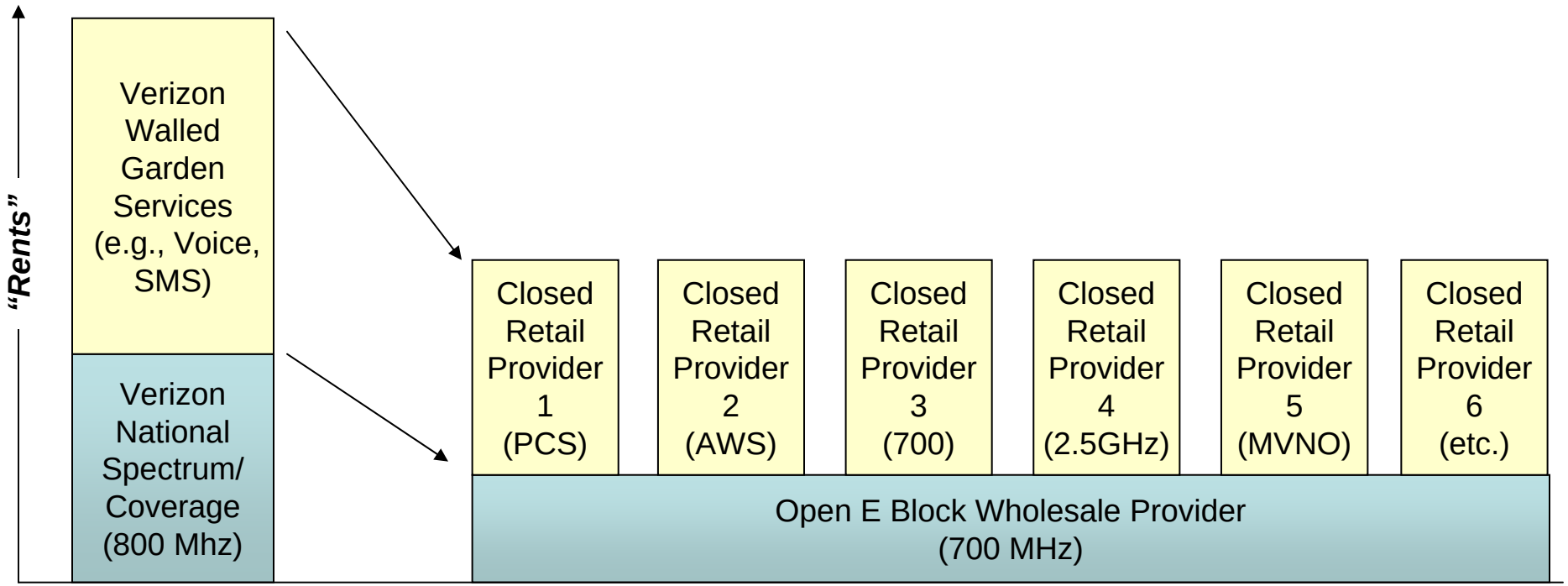


One national E Block licensee can build to all Americans

Continental U.S. counties sorted by population density



Open wholesale provider serves many local retail competitors



E block removes barriers to competition, decreases incumbent economic rents:

1. Decreases rents at retail services layer by providing wholesale access to bottleneck resource, i.e., national low-frequency coverage
2. Decreases rents at network layer via open auction, open pricing, etc.

Open rule

E Block licensee

– Must be open as to standards,
– Open as to content,
– Open as to devices,
– Open as to customers [sell to both retailers & end users]

To the degree commercially and technically reasonable

Open E Block good for public safety

- Lets any first responder select its own handsets and other equipment
- Lets any first responder decide what information to share or not share with other first responders
- Maximizes backwards compatibility to save money for first responders
- Gives public safety more control and visibility into network operations
- Creates choice by enabling multiple sellers to use E Block service to provide retail service to public safety
- Creates an alternative to existing carriers that sell to public safety

Open rule won’t work for C&D Blocks

- These regional and local licenses needed by many retail service providers
- Retail service providers are not generally open as to standards, content, devices, or customers
- FCC can order a wholesaler to be open, but that’s not practical rule for most retailers

Necessary conditions on public safety and E Block licenses

NPSL

- Must negotiate design of national interoperable bb network, and
- Model service contract
- Must reach agreement on design and model contract with someone: E block or some other provider
- Must convey secondary use of public safety spectrum in return for such agreement

E Block licensee

- Must negotiate design with NPSL, and
- Model service contract
- Must accept FCC arbitration of disputes
- Must allow priority use of E block if NPSL vender agreement on design and model contract
- Must execute model contract with any local or regional public safety entity that chooses to accept the contract