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consumers can now choose among more than 600 handsets produced by dozens of independent handset manufacturers, including Apple, Dell, HTC, Kyocera, LG, Motorola, Nokia, Palm, Pantech, RIM, Samsung, Sharp, and Sony Ericsson.⁴¹ In addition to smartphones, new “connected devices” are emerging at a staggering rate, such as tablet computers, e-readers, netbooks, medical monitoring devices, automotive, machine-to-machine modules, and a broad array of other devices all of which have become wirelessly enabled. Most of these new connected devices do not offer traditional voice capability, but are data centric, requiring robust mobile broadband networks. Cisco predicts that by 2015, there will be over 7.1 billion mobile connected devices in the world—almost one connected device for every person—and that mobile connected tablets alone will generate as much traffic in 2015 as the entire global mobile network did in 2010.⁴² While the applications and services are as diverse as their creators’ imaginations, they all require one common input—ever increasing amounts of wireless broadband capacity.

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[bloomberg.com/news/2011-03-15/google-is-said-to-ready-payment-test-in-new-york-san-francisco.html](http://www.bloomberg.com/news/2011-03-15/google-is-said-to-ready-payment-test-in-new-york-san-francisco.html). Sprint is also planning tap-and-go payments, ahead of its rivals at Isis. Greg Bensinger, *Sprint Plans Tap-And-Go Payments in 2011, Ahead of Rivals*, Bloomberg (Apr. 4, 2011), <http://www.bloomberg.com/news/2011-04-04/sprint-plans-tap-and-go-payment-service-this-year-to-get-a-jump-on-rivals.html>. Finally, American Express also recently launched a digital payment and commerce platform called Serve. Maria Woehr, *AmEx’s Mobile Payment Scheme to Boost Revenue: Analysts*, TheStreet.com (Mar. 29, 2011) (“The ‘e-wallet’ payment system allows consumers to transact through prepaid funding and is designed to be used on Apple iOS devices, Androids and through Facebook.”), <http://www.thestreet.com/story/11064873/1/amexs-mobile-payment-scheme-to-boost-revenue-analysts.html>.

⁴⁰ Remarks of FCC Chairman Julius Genachowski, CTIA Wireless 2011, at 4-5 (Mar. 22, 2011), (“*Genachowski CTIA Remarks*”), http://www.fcc.gov/Daily_Releases/Daily_Business/2011/db0322/DOC-305309A1.pdf.

⁴¹ CTIA, *The United States and World Wireless Markets: Competition and Innovation are Driving Wireless Value in the U.S.*, at 11 (May 2009), attached to Letter from Christopher Guttman-McCabe (CTIA) to Marlene Dortch (FCC), GN Docket No. 09-51 (May 12, 2009).

⁴² See Cisco *Visual Network Index: Global Mobile Data Traffic Forecast Update, 2010-2015*, at 2 (Feb. 1, 2011).

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This innovation and exponential growth will not happen without significant investment in spectrum, capacity, and next generation networks.⁴³

IV. Today and Going Forward, AT&T Will Face Competitive Threats on Multiple and Growing Fronts

20. Among the wireless service providers with nationwide networks, Verizon is AT&T's primary competitor, followed by Sprint. However, the AYCE carriers are highly disruptive competitors with their low-cost, no-contract business model; and we face several strong regional competitors. As I describe below, while we compete with T-Mobile USA in many markets, there are fundamental reasons why it does not exert substantial competitive pressure on AT&T.

A. Verizon and Sprint

21. Verizon is AT&T's closest competitor. Verizon is the largest wireless carrier in the United States with over 102 million wireless connections,⁴⁴ and it vigorously competes with AT&T in virtually every local market. It also has the most extensive voice and broadband

⁴³ Remarks of FCC Chairman Julius Genachowski, "The Clock is Ticking," at 9 (Mar. 16, 2011) ("If we don't act, we won't have enough spectrum for mobile broadband, that will have real consequences for consumers, who will face declining service, including dropped calls and Internet connections, slow downloads and high prices. That will have real consequences for innovators looking to build new companies and services on the mobile platform, including life saving health applications, education programs to train our 21st Century workforce, and energy services designed to help save our planet."), http://www.fcc.gov/Daily_Releases/Daily_Business/2011/db0316/DOC-305225A1.pdf.

⁴⁴ See Press Release, *Verizon Reports Strong 4Q and Year-End 2010 Results, Highlighted by Cash Flow, Wireless and FiOS Growth*, at 1 (Jan. 25, 2011), <http://news.vzw.com/news/2011/01/pr2011-01-25.html>; AT&T Inc., 2010 Annual Report, at 2 (AT&T had 95.5 million wireless connections as of December 31, 2010).

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coverage of any of our competitors,⁴⁵ has outspent AT&T on advertising in three of the last four years,⁴⁶ [Begin Confidential Information]

[End Confidential Information].

22. Sprint is also a tough, significant, and resurgent competitor, with nearly 50 million subscribers.⁴⁷ [Begin Confidential Information]

[End Confidential Information]. Sprint's competitive assets include a deep spectrum position and extensive mobile broadband and 4G services (provided over the Clearwire network),⁴⁸ which will make it an ever-increasing competitive threat today and in the future. After a period of declining subscribership, Sprint has recently made significant gains in the marketplace and appears to have the assets to continue to build on its resurgence.⁴⁹

⁴⁵ See Appendix at 4-5 (Verizon coverage maps).

⁴⁶ Kantar Media Strategy, *Top 4 Mobility Spending, FY 2007-2010*, at 1 (Mar. 2011).

⁴⁷ See Press Release, *Sprint Nextel Reports Fourth Quarter and Full Year 2010 Results*, at 4 (Feb. 10, 2011), http://newsroom.sprint.com/article_display.cfm?article_id=1796.

⁴⁸ Sprint's 4G network is now reportedly available in 71 markets, covering more than 110 million people. *Id.* at 2; Andrew Munchbach, *Live from CTIA 2010's Day Two Keynote with Sprint CEO Dan Hesse*, BGR, at 11 (Mar. 24, 2010) ("[w]hen you combine Sprint's spectrum position with Clearwire's spectrum position it put us in the strongest place for the future"), <http://www.bgr.com/2010/03/24/live-from-ctia-2010%E2%80%99s-day-one-keynote-with-sprint%E2%80%99s-dan-hesse>.

⁴⁹ See Press Release, *Sprint Nextel Reports Fourth Quarter and Full Year 2010 Results*, at 1-4 (Feb. 10, 2011) (Sprint added 1.1 million subscribers in 4Q 2010), http://newsroom.sprint.com/article_display.cfm?article_id=1796.

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23. In contrast, unlike Verizon and Sprint, T-Mobile USA does not exert strong competitive pressure on AT&T. First, T-Mobile USA is not performing well in the market generally or against AT&T in particular. T-Mobile USA has been losing market share since 2009 and lost contract subscribers in five of the last six quarters.⁵⁰ In the fourth quarter of 2010, T-Mobile USA lost 23,000 net subscribers, and 318,000 net contract subscribers.⁵¹ T-Mobile USA also experiences significantly higher churn than AT&T, Verizon, or Sprint.⁵² In the fourth quarter of 2010, for example, AT&T's churn was 1.32%, Verizon's was 1.34%, and Sprint's was 2.44%, while T-Mobile USA had a churn rate of 3.60%.⁵³ **[Begin Confidential Information]**

[End Confidential Information].

⁵⁰ Press Release, *T-Mobile USA Reports Fourth Quarter 2010 Results*, at 2 (Feb. 25, 2011), <http://s.tmocache.com/Cms/Files/Published/0000BDF20016F5DD010312E2BDE4AE9B/5657114502E70FF3012B5A79D454F2C8/file/TMUSQ42010PressReleaseFinalv2.pdf>; Press Release, *T-Mobile USA Reports Second Quarter 2010 Results*, at 2 (Aug. 5, 2010), <http://s.tmocache.com/Cms/Files/Published/0000BDF20016F5DD010312E2BDE4AE9B/5657114502E70FF3012A436A0A85BF12/file/TMUS%20Q2%202010%20Press%20Release%20FINAL.pdf>; Press Release, *T-Mobile USA Reports Fourth Quarter And Full Year 2009 Results*, at 2 (Feb. 25, 2010), <http://s.tmocache.com/Cms/Files/Published/0000BDF20016F5DD010312E2BDE4AE9B/5657114502E70FF301270BB668BE399A/file/TMUS%20Q4%20Press%20Release%20FINAL.pdf>.

⁵¹ Press Release, *T-Mobile USA Reports Fourth Quarter 2010 Results*, at 2 (Feb. 25, 2011), <http://s.tmocache.com/Cms/Files/Published/0000BDF20016F5DD010312E2BDE4AE9B/5657114502E70FF3012B5A79D454F2C8/file/TMUSQ42010PressReleaseFinalv2.pdf>.

⁵² Current Analysis, *Company Assessment: T-Mobile USA*, at 5 (Jan. 18, 2011) (T-Mobile USA experiences significantly higher churn than national carriers such as AT&T and Verizon because its customer base is more value-oriented and now overwhelmingly skewed towards no-contract subscribers for net additions).

⁵³ See AT&T Inc. 4Q 2010 Investor Briefing, at 2 (Jan. 27, 2011), http://www.att.com/Investor/Financial/Earning_Info/docs/4Q_10_IB_FINAL.pdf; Verizon Investor Quarterly Fourth Quarter 2010, at 5 (Jan. 25, 2011), http://www22.verizon.com/investor/investor-consump/groups/financial/documents/investorrelation/2010_4q_qb.pdf; Declaration of Dennis Carlton, Allan Shampine, and Hal Sider ¶ 89, Table 2 (April 20, 2011) ("Carlton Decl.") (comparing churn rates); Press Release, *T-Mobile USA Reports Fourth Quarter 2010 Results*, at 3 (Feb. 25, 2011), <http://s.tmocache.com/Cms/Files/Published/0000BDF20016F5DD010312E2BDE4AE9B/5657114502E70FF3012B5A79D454F2C8/file/TMUSQ42010PressReleaseFinalv2.pdf>.

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24. Because AT&T views T-Mobile USA as a competitor of limited and declining significance, **[Begin Confidential Information]**

[End

Confidential Information]. For example, T-Mobile USA began promoting its HSPA+ network as 4G in November 2010. However, Sprint already had launched a 4G network in September of 2008,⁵⁴ and Verizon already had announced its plans to launch LTE, which it began advertising as “4G LTE” in December 2010.⁵⁵ **[Begin Confidential Information]**

[End Confidential Information]. Moreover, AT&T’s long-standing advertising campaign—“Nation’s Fastest Mobile Broadband Network”— is based on its network speed advantage, and was in place well before T-Mobile USA began to advertise its 4G launch. AT&T began its “Getting faster with 4G speeds” advertising campaign as an addition to its overall network speed claims to emphasize its migration to 4G. Equally important, **[Begin Confidential Information]**

[End Confidential Information].

25. Finally, AT&T does not view T-Mobile USA as a major competitor for wireless enterprise customers. These are sophisticated purchasers of a broad array of wireline and

⁵⁴ Press Release, *New Sprint Campaign Links Iconic "Firsts" with America's First 4G Phone, HTC EVO 4G*, at 3 (June 3, 2010), http://newsroom.sprint.com/article_display.cfm?article_id=1533.

⁵⁵ Press Release, *Blazingly Fast: Verizon Wireless Launches The World's Largest 4G LTE Wireless Network On Sunday, Dec. 5*, at 1 (Dec. 4, 2010), <http://news.vzw.com/news/2010/12/pr2010-12-03.html>.

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wireless telecom services. AT&T primarily competes with Verizon and Sprint when selling to businesses. **[Begin Confidential Information]**

[End Confidential Information].

26. AT&T encounters T-Mobile USA only infrequently when competing for large business accounts. T-Mobile USA's business-oriented offerings are limited compared to those of AT&T, Verizon and Sprint.⁵⁶ **[Begin Confidential Information]**

[End Confidential Information].

27. As discussed below, while T-Mobile USA has a relatively large customer base, it has been a less significant competitor to AT&T on the important dimensions of network quality, devices and innovation. From AT&T's perspective, T-Mobile USA primarily has relied on price as its differentiating factor, which causes T-Mobile USA to position itself differently from AT&T in the marketplace. As a result, T-Mobile USA does not exert material competitive pressure on AT&T. Simply put, AT&T does not generally focus its competitive energies on T-Mobile USA because in our view: 1) T-Mobile USA does not have a strong differentiating network claim; 2) it does not have a marquee device portfolio; and 3) its emphasis on lower, but not the lowest, prices has not resulted in T-Mobile USA winning customers away from AT&T on a net basis.

⁵⁶ Gartner, *Magic Quadrant for U.S. Telecommunications Service Providers*, at 9 (Nov. 3, 2010) ("T-Mobile does not offer compelling enterprise application support or development, or strong enterprise portal capability around change management."), http://www4.sprint.com/servlet/whitepapers/dbdownload/Gartner_MQ_US_Telecom_Service_Providers_Nov2010.pdf?table=whp_item_file&blob=item_file&keyname=item_id&keyvalue=%27d4194dm%27.

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1. Differentiation on the Basis of Network Quality, Both Now and In the Future

28. Network quality is one of the bases on which AT&T competes vigorously today.⁵⁷

Its primary competitors in that arena are Verizon and Sprint. **[Begin Confidential Information]**

[End Confidential Information]. Verizon

has long focused a major part of its marketing efforts on the quality of its network as a key differentiator.⁵⁸ **[Begin Confidential Information]**

[End Confidential Information]. Verizon has

targeted AT&T's network performance in its advertising, focusing on the perceived advantages in its network coverage and reliability.

⁵⁷ **[Begin Confidential Information]**

[End Confidential Information]. Other carriers have attempted to exploit the perception that AT&T's network is of a lesser quality or reliability in their marketing and advertising, making AT&T's customers easier targets for competitors and AT&T service seem less attractive. *See, e.g.,* Anders Bylund, *Sprint Wants Your iPhone*, The Motley Fool (Mar. 22, 2010), <http://www.fool.com/investing/general/2010/03/22/sprint-wants-your-iphone.aspx>; Charles Starrett, *Verizon Debuts New Anti-AT&T iPhone Ad*, iLounge (Feb. 4, 2011), <http://www.ilounge.com/index.php/news/comments/verizon-debuts-new-anti-att-iphone-ad>. Indeed, when Verizon began selling the iPhone in February 2011, it targeted AT&T customers by pointing out AT&T's network quality issues and emphasized its one-liner—"Yes. I can hear you now."—along with its unlimited data plan. *Id.* AT&T understands the importance of winning the network quality issue in the minds of consumers and is committed to turning this situation around.

⁵⁸ *See, e.g.,* Theresa Howard, *'Can you hear me now?' a hit*, USA Today (Feb. 22, 2004), http://www.usatoday.com/money/advertising/adtrack/2004-02-22-track-verizon_x.htm.

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29. **[Begin Confidential Information]**

[End Confidential Information]. Verizon is deploying 4G LTE aggressively, using its nationwide 700 MHz footprint.⁵⁹ It has announced plans to expand 4G LTE to 178 markets covering 200 million subscribers by mid-2012 and its entire nationwide footprint by the end of 2013.⁶⁰

30. Likewise, Sprint has aggressively promoted its 4G service. Sprint was the first U.S. carrier to market its service as “4G” and was the first to launch a 4G-capable phone in June 2010.⁶¹ As a result, Sprint has enjoyed a leading position with its 4G claims, which it has used to its advantage. Sprint’s strong spectrum position (particularly when considered in light of Sprint’s controlling interest in Clearwire) and 4G marketing **[Begin Confidential Information]**

[End Confidential Information]. At least two recent surveys suggest that **[Begin Confidential Information]**

[End Confidential Information].⁶² **[Begin Confidential Information]**

⁵⁹ Verizon, *LTE: The Future of Mobile Broadband Technology*, at 3 (2010) (“Within the Verizon Wireless Network, LTE will operate in the 700MHz spectrum....”), http://opennetwork.verizonwireless.com/pdfs/VZW_LTE_White_Paper_12-10.pdf.

⁶⁰ Verizon, *4G LTE: We're Ready. Are You?*, [http://network4g.verizonwireless.com/#/coverage; Current Analysis, Verizon Wireless Gets Aggressive with LTE Devices and Service Rollout](http://network4g.verizonwireless.com/#/coverage;CurrentAnalysis,VerizonWirelessGetsAggressivewithLTEDevicesandServiceRollout), at 1 (Jan. 6, 2011).

⁶¹ Press Release, *New Sprint Campaign Links Iconic “Firsts” with America’s First 4G Phone, HTC EVOTM 4G*, at 1 (June 3, 2010), http://newsroom.sprint.com/article_display.cfm?article_id=1533.

⁶² **[Begin Confidential Information]**

[End Confidential Information].

[End Confidential Information].

31. [Begin Confidential Information]

[End Confidential Information]. Sprint's

CEO has stated that "[w]hen you combine Sprint's spectrum position with Clearwire's spectrum position it put us in the strongest place for the future."⁶³ Sprint's strong spectrum resources ensure that it has the capacity needed to support continued growth in subscribers, usage, and new technology.

32. T-Mobile USA, in contrast to others, does not have a differentiated network position. T-Mobile USA has admitted that it suffered from its late transition to a 3G network,⁶⁴ and unlike Sprint, which first promoted a 4G network, T-Mobile USA's HSPA+ launch appears to have been lost among other carriers' 4G messaging, including advertising from Verizon, Sprint, AT&T and MetroPCS. Even more importantly, as set forth in the Declaration of Dr. Kim Larsen, T-Mobile USA has no clear path to delivering LTE service.⁶⁵ On the other hand,

⁶³ Andrew Munchbach, *Live from CTIA 2010's Day Two Keynote with Sprint CEO Dan Hesse*, BGR, at 11 (Mar. 24, 2010), <http://www.bgr.com/2010/03/24/live-from-ctia-2010%E2%80%99s-dan-hesse/>.

⁶⁴ Transcript of Briefing by Deutsche Telekom and T-Mobile to Analysts, at 3 (Jan. 20, 2011), (Deutsche Telekom CEO Rene Obermann) ("*Jan. 20, 2011 DT Analyst Briefing*") ("[P]lease remember we came late with spectrum only end of '06. We acquired spectrum and then we are able to build a network. So, we were late with 3G. No question."), http://www.telecom.de/dtag/cms/contentblob/dt/en/979218/blobBinary/transcript_20012011.pdf.

⁶⁵ See Declaration of Dr. Kim Kyllesbech Larsen, Senior Vice President, Technology Service and International Network Economics, Deutsche Telekom AG, ¶¶ 9, 23-35 (April 19, 2011).

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AT&T, Verizon, and MetroPCS are aggressively rolling out 4G LTE and Sprint already has a WiMAX network.⁶⁶

2. Differentiation on the Basis of Device Portfolios

33. Another way in which AT&T differentiates itself is in its device portfolio. Here, again, AT&T's primary competitors are Verizon and Sprint. Over the past four years, AT&T has led the wireless broadband revolution, introducing new cutting-edge smartphones and other connected devices that have put the company in a leadership position, based on the number of these devices running on its network.⁶⁷ The launch of the iPhone in July 2007 and the iPhone 3G and Apple App Store in 2008 clearly prompted an explosion of innovation in smartphones and other devices, operating systems, and mobile applications, as competitors tried to find the "iPhone killer." Verizon responded in November 2009 with the introduction of the Droid smartphone based upon Google's Android operating system, and has become a leading proponent of Android devices.⁶⁸ In February 2011, Verizon became the second carrier to offer the iPhone.⁶⁹ In addition, Verizon recently introduced the HTC Thunderbolt, its first 4G LTE smartphone, and has announced that it will launch other LTE smartphones by mid-2011, including the Samsung 4G LTE, the Motorola Droid Bionic, and the LG Revolution.⁷⁰ Verizon,

⁶⁶ See *supra* ¶¶ 29-30; *infra* ¶ 54.

⁶⁷ Carlton Decl. ¶ 20.

⁶⁸ See Verizon Inc., Annual Report (2010 Form 10-K), at 5 (Feb. 28, 2011); Joe Regan, *AT&T Share of Android Up Over 5x Thanks to T-Mobile*, Chitka Insights, (Mar. 22, 2011), <http://insights.chitika.com/2011/att-share-of-android-up-over-5x-thanks-to-t-mobile>.

⁶⁹ Press Release, *Verizon Wireless Has Record Sales On First Day Of iPhone 4* (Feb. 4, 2011), <http://news.vzw.com/news/2011/02/pr2011-02-04.html>.

⁷⁰ See Strategy Analytics, *Verizon Wireless 4G LTE at CES: It's Real, It's Here, Its Impressive* (Jan. 14, 2011); Press Release, *The ThunderBolt By HTC, The First 4G LTE Smartphone For*

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to date, has continued to market unlimited data service on all of these devices,⁷¹ a marketing plan which it clearly uses to differentiate its devices from AT&T's devices that require tiered data plans.⁷²

34. Sprint also has competed aggressively on the basis of its device portfolio. Indeed, Sprint's success with its device portfolio has been key to its successful resurgence and will likely fuel its continued competitive growth. Sprint has been amassing and marketing a portfolio of advanced 4G smartphone devices on the Android operating system, such as the highly successful Samsung Epic 4G and the HTC EVO 4G, ranked as the # 1 and # 2 smartphones, respectively, by PC World magazine.⁷³ Other 4G devices offered exclusively by Sprint include the HTC EVO Shift 4G,⁷⁴ the HTC EVO 3D, which was awarded "Best Smart Phone" and "Best in Show" by Laptop Magazine, and the HTC EVO View 4G tablet, which was rated "Best of CTIA 2011" by

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Verizon Wireless Arrives March 17 (Mar. 15, 2011), <http://news.vzw.com/news/2011/03/pr2011-03-14u.html>.

⁷¹ See Strategy Analytics, *Verizon Wireless 4G LTE at CES: It's Real, It's Here, Its Impressive*, at 2 (Jan. 14, 2011).

⁷² See, e.g., David Goldman & Laurie Segall, *Verizon iPhone Draws Small Crowds*, CNNMoney.com (Feb. 10, 2011) ("But Verizon has a few competitive tricks up its sleeve. It's going after AT&T's customers by offering unlimited data plans for the iPhone for a limited time."), http://money.cnn.com/2011/02/10/technology/verizon_iphone; Roger Cheng, *Verizon iPhone: \$30 Unlimited Data (for Now)*, WSJ Blog (Jan. 25, 2011) (regarding Verizon's \$30 unlimited data plan for iPhone buyers, Verizon's COO Lowell McAdam stated, "I'm not going to shoot myself in the foot," and that not offering an unlimited plan would put up a barrier for customers who might otherwise switch from AT&T), <http://blogs.wsj.com/digits/2011/01/25/verizon-iphone-30-unlimited-data>.

⁷³ See Sprint Nextel 3Q2010 Earnings Conference Call, at 7 (Oct. 27, 2010), <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9Njc0MjR8Q2hpbGRJRD0tMXxUeXBIPTM=&t=1>.

⁷⁴ See Michelle Ruhfass, *HTC EVO Shift 4G Android Smartphone for Sprint Revealed by Walmart*, MobileBurn.com (Jan. 3, 2011), <http://www.mobileburn.com/news.jsp?Id=12266>.

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Phonearena.com.⁷⁵ Sprint reportedly will expand its portfolio to eighteen 4G enabled devices in 2011.⁷⁶

35. AT&T does not believe that T-Mobile USA has a particularly compelling portfolio of smartphone offerings as compared to AT&T, Verizon, and Sprint.⁷⁷ It does offer smartphones, but its HTC MyTouch device and Android portfolio have not enjoyed the success of devices like Sprint's HTC EVO 4G,⁷⁸ and its Android and Blackberry devices are similar to those now offered by numerous other carriers, including MetroPCS and Leap.

3. Differentiation on the Basis of Innovation

36. AT&T aggressively competes against Verizon and Sprint on the basis of new and innovative products and services, and that competition is only expected to increase. As explained more fully in the Declaration of John Donovan, AT&T consistently has striven to be the leader in this space and to be the first to market new products and services, as evidenced by the RAZR, iPhone, the iPad, Windows 7 phones, and emerging devices that support everything

⁷⁵ Press Release, *Sprint Awarded Big Honors for HTC EVO 3D, HTC EVO View 4G, Kyocera Echo, MiFi 3G/4G Mobile Hotspot by Novatel Wireless and Google Voice at International CTIA Wireless 2011* (Mar. 29, 2011), http://newsroom.sprint.com/article_display.cfm?article_id=1843.

⁷⁶ See Press Release, *Sprint Nextel Reports Fourth Quarter and Full Year 2010 Results* (Feb. 10, 2011), http://newsroom.sprint.com/article_display.cfm?article_id=1796.

⁷⁷ The Nielsen Company, *Mobile Insights Highlights Through January 2011: National View*, at 11 (Feb. 15, 2011) (customer survey showing that from Q2 2010 through Q4 2010, T-Mobile USA ranked last compared to AT&T, Verizon, and Sprint customers in "Satisfaction with Handsets").

⁷⁸ See Press Release, *Sprint Nextel Reports Fourth Quarter and Full Year 2010 Results* (Feb. 10, 2011), http://newsroom.sprint.com/article_display.cfm?article_id=1796 ("The HTC EVO 4G's award-winning streak continued when it was selected for *Good Housekeeping's* Very Innovative Products Award, which recognizes products that are ingenious breakthroughs.").

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from telematics to telemedicine.⁷⁹ AT&T invests heavily to differentiate itself from the competition with the best device line-up and superior feature capabilities. In our effort to enable third parties to create applications that run on our devices and on our network, AT&T has created the industry's leading carrier application developer program. As a result, AT&T has been voted the best carrier by application developers for the last five years.⁸⁰ It has won a Global Mobile Award (Best Embedded Mobile Product/Device (non-handset) category) at the 2011 Mobile World Congress.⁸¹

37. Verizon and Sprint also continue to be industry innovators. Although MetroPCS was the first to deploy LTE, Verizon now leads the U.S. industry in deploying and promoting LTE technology.⁸² Verizon is already collaborating with 60 product manufacturers and 6,000 application developers to help foster an ecosystem for its new 4G LTE network and devices.⁸³

38. Sprint not only has aggressively advertised its Wi-MAX network, but it also has pursued machine-to-machine technology in many areas, including healthcare, ATM and point-of-

⁷⁹ See Donovan Decl. ¶¶ 17-27.

⁸⁰ See Press Release, *Mobile Developers Rate AT&T Best in North America* (Jan. 19, 2011), (AT&T ranked best in mobile application distribution, tool offerings, supported technologies, and market potential), <http://www.businesswire.com/news/home/20110119005579/en/Mobile-Developers-Rate-ATT-North-America-%E2%80%93>; Evans Data Corporation, *Mobile Development Survey, Volume II*, at 37 (2010); Evans Data Corporation, *Wireless Development Survey, Volume II*, at 125-28 (2009); Evans Data Corporation, *Wireless Development Survey, Volume II*, at 157-160 (2008); Evans Data Corporation, *Targeted Analytics, Volume I*, at 139-144 (2007); Evans Data Corporation, *Mobility Developer Relations Programs Competitive Analysis Report*, at 7-8 (2007).

⁸¹ See Press Release, *AT&T Connected Vitality GlowCaps Wins 2011 Global Mobile Award* (Feb. 16, 2011), <http://www.att.com/gen/press-room?pid=19064&cdvn=news&newsarticleid=31610&mapcode=corporate|innovation-releases>.

⁸² Verizon, *4G LTE: We're Ready. Are You?*, <http://network4g.verizonwireless.com/#/4g-network-verizon-wireless>.

⁸³ See Susan Welsh de Grimaldo, *Verizon Wireless 4G LTE at CES: It's Real, It's Here, Its Impressive*, Strategy Analytics, at 2 (Jan. 14, 2011).

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sale, vehicle fleet tracking, “smart” power grids, kiosks for retail stores, and asset tracking.⁸⁴ Its partners include Panasonic, Dell, Intel, IBM, and Qualcomm.⁸⁵

4. Differentiation on the Basis of Price or the “Value Proposition”

39. For AT&T, the combination of network experience, superior products, and competitive pricing constitutes the “value proposition” that it offers consumers. Many competitors have chosen to compete and differentiate themselves based upon price alone, or a different value proposition.

40. Sprint is aggressively challenging AT&T’s value proposition by promoting a consumer message that extols the combined value of a next generation network, innovative devices and aggressive pricing. Sprint’s value proposition includes attractive unlimited plans at very competitive prices, which it markets aggressively against AT&T.⁸⁶ This strategy has fueled Sprint’s resurgence as a successful competitor to AT&T and will continue to drive Sprint’s success in the future. Sprint’s combination of aggressive pricing, high-end handsets, a strong 4G network and enhanced customer service resulted in Sprint adding approximately 1.8 million net subscribers in 2010.⁸⁷

41. In June 2010, AT&T announced that it would no longer offer an unlimited data plan to new smartphone customers. Sprint capitalized on AT&T’s decision by making its

⁸⁴ Sprint, *M2M: Machine to Machine & Emerging Solutions*, <http://m2m.sprint.com>.

⁸⁵ *Id.*

⁸⁶ See, e.g., Mike Dano, *New Sprint Ad Campaign Hinges on Unlimited Data*, FierceWireless (Apr. 11, 2011), <http://www.fiercewireless.com/story/new-sprint-ad-campaign-hinges-unlimited-data/2011-04-11>.

⁸⁷ Press Release, *Sprint Nextel Reports Fourth Quarter and Full Year 2010 Results* (Feb. 10, 2011), http://newsroom.sprint.com/article_display.cfm?article_id=1796.

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unlimited plans a cornerstone of Sprint's marketing against AT&T and other carriers.⁸⁸ For example, Sprint's advertising touted its unlimited data plans, asking "why choose limited 3G from AT&T when you can get unlimited 3G and 4G while on the Sprint Network?" Likewise, Sprint has introduced low-cost voice, data and messaging plans that have appealed to wireless subscribers, especially data-centric AT&T customers.

42. Sprint also has lured subscribers searching for faster data speeds and inexpensive, unlimited data plans. With respect to data speeds, Sprint has taken aim at AT&T smartphone users, promoting the Sprint network as "4G, not faux G."⁸⁹ On data plans, Sprint has emphasized its *Everything* unlimited data plans in its advertising.⁹⁰ In particular, Sprint has targeted iPhone users, touting its HTC EVO 4G device and the price difference between AT&T's plans and its \$69.99 *Everything* unlimited data plan. Sprint recently launched a promotion to lure subscribers by giving them a \$125 service credit to switch to a Sprint smartphone,⁹¹ making it easy for customers to switch before their contract is over.

43. **[Begin Confidential Information]**

⁸⁸ See Press Release, *Sprint CEO Dan Hesse Defines "Unlimited" in New TV Ad* (Mar. 12, 2011), http://newsroom.sprint.com/article_display.cfm?article_id=1818.

⁸⁹ Roger Cheng, *Sprint CEO Touts 4G Devices, "Not Faux G,"* WSJ Blog (Mar. 22, 2011), <http://blogs.wsj.com/digits/2011/03/22/sprint-ceo-touts-4g-devices-not-faux-g/>.

⁹⁰ See Press Release, *Sprint CEO Dan Hesse Defines "Unlimited" in New TV Ad* (Mar. 12, 2011), http://newsroom.sprint.com/article_display.cfm?article_id=1818.

⁹¹ See Sprint, *Move Your Number to Sprint. Get a \$125 Service Credit*, http://shop2.sprint.com/en/stores/popups/cl_port_in_credit_125_popup.shtml.

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[End Confidential Information].

44. The success of these offerings by Sprint has required AT&T to respond to prevent further inroads on its customer base. **[Begin Confidential Information]**

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45. MetroPCS and Leap also have sought to capitalize on their value proposition of low cost, no-contract, “all-you-can-eat” bundles of services. For example, on its website MetroPCS advertises and offers a \$40 per month no-contract plan that includes unlimited local and nationwide long distance calling, unlimited text, and unlimited MetroWEB.⁹³ For \$45 per month, MetroPCS customers can add unlimited international text, unlimited caller identification, and certain widgets, among other things.⁹⁴ On its website, Leap (under the Cricket brand) advertises and offers a \$45 per month no-contract plan that includes unlimited anytime and mobile to mobile minutes, long distance, domestic and international text, and mobile web access.⁹⁵

⁹² Phil Goldstein, *AT&T Follows Sprint Into Unlimited Mobile-to-Mobile Calling*, FierceWireless (Feb. 9, 2011), <http://www.fiercewireless.com/print/node/86865>.

⁹³ MetroPCS, *MetroPCS Rate Plans*, <http://www.metropcs.com/plans/default.aspx?tab=family>.

⁹⁴ MetroPCS, *MetroPCS Rate Plans*, <http://www.metropcs.com/plans/default.aspx?tab=family>.

⁹⁵ Cricket, *Cell Phone Plans*, <http://www.mycricket.com/cell-phone-plans>.

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46. While T-Mobile USA competes principally on price/value, it is generally more expensive than the no-contract AYCE carriers such as MetroPCS and Leap. As a result, as T-Mobile USA's CEO Philip Humm has conceded, the company has been "kind of stuck in the middle with unlimited becoming industry standard on one side and T-Mobile USA being attacked from below by the no frills players in the market."⁹⁶ Similarly, as noted by Deutsche Telekom's CEO, Rene Obermann, "[w]e also lack[ed] competitive smart phones and we had a branded distribution gap in comparison to our competitors and all of that made us suffer. It resulted in revenue stalling and valuable contract customers leaving us."⁹⁷ Accordingly, T-Mobile is not an important factor in AT&T's competitive decision-making. Our survey research indicates that **[Begin Confidential Information]**

[End Confidential Information].⁹⁸

While MetroPCS and Leap have a marketing strategy that is similar to T-Mobile USA's, namely, affordable smartphones and data services,⁹⁹ the AYCE carriers have lower prices.¹⁰⁰ In

⁹⁶ *Jan. 20, 2011 DT Analyst Briefing*, at 5 (T-Mobile USA CEO Philip Humm).

⁹⁷ *Jan. 20, 2011 DT Analyst Briefing*, at 3 (Deutsche Telekom CEO Rene Obermann).

⁹⁸ The Nielsen Company, *Q4 2010 Mobile Insights: National Report*, at 68-69 (Jan. 2011).

⁹⁹ *Jan. 20, 2011 DT Analyst Briefing*, at 7, 20 (T-Mobile USA CEO Philip Humm; T-Mobile USA CMO Cole Brodman); MetroPCS, *About MetroPCS*, <http://www.metropcs.com/about/about.aspx>; Final Transcript, *Leap—Q4 2010 International Earnings Conference Call*, at 2 (Feb. 22, 2011), http://www.google.com/url?sa=t&source=web&cd=2&ved=0CCMQFjAB&url=http%3A%2F%2Fphx.corporate-ir.net%2FExternal.File%3Fitem%3DUGFyZW50SUQ9ODM1MzN8Q2hpbGRJRD0tMXxUeXBIPtM%3D%26t%3D1&rct=j&q=LEAP%20%20Q4%202010%20Leap%20Wireless%20International%20Earnings%20Conference%20Call%20februar%2022%2C%202011&ei=ZCsTbLzI8_TgQfpkenzBQ&usq=AFQjCNGcTUMha46AU5cmhy6_mE-4OyAUPg&sig2=NgSfhiGIVOnbK51iIB8HmQ.

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addition, as noted above, T-Mobile USA is experiencing higher rates of overall churn (as compared to AT&T, Verizon and Sprint), which may be related to T-Mobile USA's ineffective reliance on price as a differentiator. **[Begin Confidential Information]**

[End Confidential

Information].

47. With this acquisition, T-Mobile USA consumers will be able to keep their current rate plans. AT&T will map T-Mobile USA's rate plans into AT&T's billing systems as we have done in the case of prior acquisitions, so that if a T-Mobile USA consumer wishes to change her existing smartphone to a comparable smartphone from AT&T's device portfolio, she will be able to keep her existing data plan.¹⁰¹

B. In Addition to Verizon and Sprint, AT&T Faces Significant and Fast-Growing Competitive Threats

1. No-Contract, "AYCE" Carriers

48. As I mentioned above, a growing and increasingly strong competitive threat comes from low-cost, no-contract, all-you-can-eat ("AYCE") carriers. MetroPCS and Leap Wireless are prime examples of these emerging competitors. **[Begin Confidential Information]**

[End

Confidential Information].

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¹⁰⁰ See Letter from Carl Northrop (for MetroPCS) to Chairman Julius Genachowski (FCC), GN Docket No. 09-191, at 12 n.42 (Feb. 14, 2011) ("*MetroPCS Feb. 14, 2011 Letter*") (comparing MetroPCS unlimited plan prices to higher contract carrier unlimited plan prices); see also Cricket, *Cell Phone Plans*, <http://www.mycricket.com/cell-phone-plans>.

¹⁰¹ There may be rate plans with few customers that might not justify mapping, in which case we will offer those customers an incentive to move to a comparable AT&T rate plan.

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49. No-contract AYCE carriers are very strong, aggressive competitors. Until recently, these carriers competed on price alone. However, the AYCE carriers have enhanced their market disruptor status by moving up-market and offering competing high speed data services over mobile broadband networks, including LTE, coupled with feature-rich smartphones. The new market reality is that these companies are playing an increasingly important role in the wireless marketplace, both growing their share and expanding into new markets. As these competitors continue to compete more effectively on data services, network quality and device portfolio and not just on price, they only will become stronger competitors to AT&T.

a. AYCE Pricing Plans

50. MetroPCS's and Leap's original AYCE model changed wireless industry pricing. They pioneered the concept of unlimited voice plans, which were later adopted by other carriers, and their AYCE plans pressured contract carriers to offer their own unlimited plans at declining prices and without contracts. At the end of 2007, only two carriers offered unlimited voice plans—MetroPCS and Leap.¹⁰² Only months later, in early 2008, Sprint, Verizon, AT&T and T-Mobile USA, all introduced unlimited plans, in that order.¹⁰³ Since then, AT&T, Verizon and T-Mobile USA have lowered the price of their contract unlimited offerings in reaction to the flat-rate plans offered by Sprint's Boost brand, MetroPCS, and Leap.

¹⁰² Sinead Carew, *Unlimited Mobile Plans Spark Price War Concerns*, Reuters (Feb. 19, 2008), <http://www.reuters.com/assets/print?aid=USN1930076320080219>.

¹⁰³ *Id.*; Nicole Lee, *Verizon, AT&T, T-Mobile Implement Unlimited Calling Plans*, CNET News (Feb. 19, 2008), http://news.cnet.com/8301-17938_105-9874425-1.html?tag=mncol%3btxt.

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51. MetroPCS has achieved success in part by offering nationwide plans at industry-low prices, and aggressively competing against their higher-priced contract carrier rivals. MetroPCS markets unlimited voice, data, and text plans of \$40, \$50, and \$60 per month.¹⁰⁴ As MetroPCS has pointed out to the Commission, as compared to MetroPCS's \$60 product, AT&T's plan with unlimited voice and text, plus 2GB of data, would cost \$114.99, while an unlimited voice, data and text plan costs \$119.98 from Verizon, \$109.99 from Sprint Nextel, and \$99.99 from T-Mobile USA (T-Mobile USA recently introduced another unlimited plan at \$79.99).¹⁰⁵ In September 2008, MetroPCS and Leap signed a reciprocal roaming agreement, which allowed each carrier to offer near nationwide voice service without paying incremental roaming fees to the other.¹⁰⁶ In November 2010, MetroPCS launched its "Metro USA" services, covering ninety percent (90%) of the U.S. population, offering customers the chance to "enjoy unlimited talk, text and Web services wherever they go in the nation;"¹⁰⁷ it now boasts that its footprint is even slightly larger than Sprint's network.¹⁰⁸ MetroPCS also has targeted AT&T in its advertising, comparing AT&T's higher contract prices and its lack of an unlimited data plan.

¹⁰⁴ *MetroPCS Feb. 14, 2011 Letter*, at 9-10.

¹⁰⁵ *MetroPCS Feb. 14, 2011 Letter*, at 12 n.42.

¹⁰⁶ See Press Release, *Leap Wireless International, Inc. and MetroPCS Communications, Inc. Enter into National Roaming Agreement and Spectrum Exchange Agreement and Settle Litigation*, at 1-2 (Sept. 29, 2008), <http://phx.corporate-ir.net/phoenix.zhtml?c=191722&p=irol-newsArticle&ID=1203113&highlight=>.

¹⁰⁷ See Press Release, *MetroPCS to Launch Metro USA Nationwide Coverage* (Nov. 4, 2010), <http://investor.metropcs.com/phoenix.zhtml?c=177745&p=irolnewsArticle&ID=1491639&highlight=>.

¹⁰⁸ Transcript of Presentation by MetroPCS Communications, Inc. at Raymond James Institutional Investors Conference, at 1 (Mar. 7, 2011) (MetroPCS Executive VP & CFO Braxton Carter).

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52. Similarly, Leap offers low priced nationwide calling plans without a contract and specifically targets Verizon and AT&T in advertising those plans for example, highlighting that it offers “BlackBerry Smartphone plans for just \$55/month—half the cost of AT&T and Verizon.”¹⁰⁹ Leap also emphasizes that its low-cost unlimited plans include nationwide coverage.¹¹⁰ In the third quarter of 2010, Leap announced that its network covers 277 million people, and began emphasizing that, “[j]ust like all the major cellular carriers in the U.S.,” it offers a “high quality, all-digital network.”¹¹¹ In October 2010, Leap introduced nationwide 3G coverage, including 3G data, through a roaming agreement with Sprint.¹¹² Data roaming coverage is included in certain of Leap’s unlimited plans at no additional charge.¹¹³

53. AT&T has responded to MetroPCS and Leap **[Begin Confidential Information]**

¹⁰⁹ Cricket, *Coverage Comparison*, <http://www.mycricket.com/learn/compare-smartphone-providers/chart>.

¹¹⁰ *Id.*

¹¹¹ Cricket, *The Competitive Cricket Comparison*, <http://www.mycricket.com/learn/compare-cell-phone-providers>.

¹¹² Press Release, *Cricket Announces Launch of Nationwide 3G Data Roaming* (Oct. 19, 2010), <http://www.mycricket.com/press/press-release/Cricket-Announces-Launch-of-Nationwide-3G-Data-Roaming>.

¹¹³ Cricket, *Premium Extended Coverage*, <http://www.mycricket.com/coverage/premium-extended-coverage>.

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b. AYCE Network Innovation

54. MetroPCS is now deploying LTE throughout its footprint, and was the first carrier in the nation to offer commercial LTE service and an LTE-enabled handset.¹¹⁴ MetroPCS already has launched LTE service in major metro areas of Tampa, Atlanta, Jacksonville, Miami, Orlando, Boston, Dallas-Fort Worth, Detroit, Las Vegas, Los Angeles, New York City, Philadelphia, Sacramento and San Francisco.¹¹⁵ LTE technology has allowed MetroPCS to enjoy greater capacity and to offer higher download speeds on a platform optimized for data service.¹¹⁶ Going forward, MetroPCS plans to implement Voice over LTE (VoLTE) so that it can carry its voice as well as data traffic over LTE, thus freeing up spectrum for redeployment

¹¹⁴ Press Release, *MetroPCS Launches First 4G LTE Services in the United States and Unveils World's First Commercially Available 4G LTE Phone* (Sept. 21, 2010) ("Today, MetroPCS Communications Inc. became the first mobile operator to launch commercial 4G LTE services in the United States"), <http://www.metropcs.com/presscenter/articles/mpcs-news-20100921.aspx>.

¹¹⁵ Press Release, *MetroPCS Launches 4G LTE Service in the Tampa Metropolitan Area* (Apr. 1, 2011), <http://www.metropcs.com/presscenter/newsreleasedetails.aspx?id=17>.

¹¹⁶ *MetroPCS Feb. 14, 2011 Letter* at 6.

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that is currently tied up supporting legacy CDMA service.¹¹⁷ This will increase MetroPCS's bandwidth available for LTE, driving further increases in capacity.¹¹⁸

55. Leap also is taking advantage of the latest network technology. Leap already offers nationwide 3G data coverage¹¹⁹ and is preparing to launch LTE service, having conducted successful LTE tests last year.¹²⁰ Leap recently announced an agreement with LTE wholesale provider LightSquared, which will supplement its own LTE network.¹²¹

c. AYCE Device Portfolios

56. MetroPCS is including smartphones, including Blackberry and Android models such as the 4G Samsung Galaxy Indulge, as an increasingly large part of its device portfolio and its competitive strategy.¹²² MetroPCS's CEO has referred to the coming "Tsunami of Android" smartphones and explained that traditional feature phones are "going the way of the

¹¹⁷ Sue Marek, *MetroPCS' COO on the Pros and Cons of the AT&T-Mobile Deal*, FierceWireless (Mar. 30, 2011), <http://www.fiercewireless.com/story/metropcs-coo-pros-and-cons-att-mobile-deal/2011-03-30>.

¹¹⁸ Sascha Segan, *GSMA Exec: Samsung Smartphone with Voice Over LTE Coming to MetroPCS*, PCMagazine (Feb. 10, 2011), http://www.pcmag.com/print_article2/0,1217,a=260495,00.asp?hidPrint=true.

¹¹⁹ Press Release, *Cricket Announces Launch of Nationwide 3G Data Roaming* (Oct. 19, 2010), <http://www.mycricket.com/press/press-release/Cricket-Announces-Launch-of-Nationwide-3G-Data-Roaming>.

¹²⁰ Mike Dano, *Leap Acquires Denali, Plans LTE Test Market in 2011*, FierceWireless (Sept. 23, 2010), <http://www.fiercewireless.com/story/leap-acquires-denali-plans-lte-test-market-2011/2010-09-23>.

¹²¹ Press Release, *Cricket Enters into 4G Roaming Agreement with LightSquared*, at 1 (Mar. 22, 2011), <http://www.lightsquared.com/press-room/in-the-news/cricket-enters-into-4g-roaming-agreement-with-lightsquared>.

¹²² See Press Release, *MetroPCS and Samsung Mobile Unveil the Samsung Galaxy Indulge, the World's First Commercially Available 4G LTE Android Smartphone*, at 1 (Feb. 9, 2011), <http://investor.metropcs.com/External.File?t=2&item=g7rqBLVLuv81UAmrh20Mp9tj3fGPzw7Th9QbgI4ulFgfATjGENyIQJOG7zJGrl5P0Oj0RwhYxIGvk14TD9Iz3A==>.

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dinosaurs.”¹²³ As of March 2011, one third of MetroPCS’s handset sales this year to date were of Android smartphones.¹²⁴

57. Smartphones also are a key to the Leap device portfolio; it now offers affordable Android phones, as well as low-cost Blackberry devices.¹²⁵ Whereas only ten percent of Leap’s customer base had moved to smartphones by year-end 2010, smartphones—including Android, Windows, and Blackberry devices—in December 2010 accounted for forty percent (40%) of Leap’s new handset sales.¹²⁶ Leap is now “committed to the smartphone category.”¹²⁷ As their CEO has stated, “We have now got the devices, the service plans, and the nationwide 3G coverage our customers want. . . . The result is a significant increase in customer lifetime value which validates that we’re making the right investments in the right places.”¹²⁸

58. As mentioned above, AT&T has just announced its first no-contract smartphone offer—the LG Thrive—on April 17, 2011 in response to this competition.¹²⁹

¹²³ Transcript of MetroPCS Communications, Inc. at Credit Suisse Group Convergence Conference, at 2 (March 9, 2011) (MetroPCS CEO Roger Linquist) (“*MetroPCS at Credit Suisse Convergence Conference*”); Final Transcript, *PCS—MetroPCS Communications, Inc. at Morgan Stanley Technology, Media & Telecom Conference*, at 2 (Mar. 3, 2011) (“*MetroPCS Morgan Stanley Conference Transcript*”).

¹²⁴ *Id.* at 2.

¹²⁵ Leap, *Shop Phones*, <http://www.mycricket.com/cell-phones2>.

¹²⁶ Final Transcript, *LEAP—Q4 2010 Leap Wireless International Earnings Conference Call*, at 6 (Feb. 22, 2011), <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQDM1MzN8Q2hpbGRJRd0tMXxUeXBIPtM=&t=1> (“*Leap Q4 2010 Earnings Call*”).

¹²⁷ Mike Dano, *Leap Plans Wi-Fi-only ViewSonic Android Tablet, More Android Smartphones*, FierceWireless (Mar. 24 2011), <http://www.fiercewireless.com/ctialive/story/leap-plans-wi-fi-only-viewsonic-android-tablet-more-android-smartphones/2011-03-24>.

¹²⁸ *Leap Q4 2010 Earnings Call* at 2.

¹²⁹ Press Release, *AT&T and LG Launch First Smartphone for GoPhone*, at 1 (Apr. 12, 2011), <http://www.att.com/gen/press-room?pid=19623&cdvn=news&newsarticleid=31797>.

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d. AYCE Growth Prospects

59. The compelling value proposition of the no-contract AYCE carriers' nationwide voice and data plans, coupled with offerings of sophisticated smartphones and advanced networks, is attracting subscribers **[Begin Confidential Information]**

[End Confidential Information]. As a result, the no-contract wireless segment continues to grow, and no-contract carriers are experiencing double-digit annual subscriber growth. MetroPCS reported that one analyst predicted that the no-contract AYCE carriers will grow twenty-four percent (24%) between 2009 and 2013; in contrast, contract carrier subscribers are predicted to grow by only two percent (2%).¹³⁰ MetroPCS and Leap are expanding into a rapidly increasing number of markets, including (between them) 22 of the top 25, and their total subscribership has been increasing rapidly since mid-2008—in MetroPCS's case, by approximately seventy-six percent (76%).¹³¹

60. Since entering the marketplace in 2002, MetroPCS has quickly grown from roughly 500,000 subscribers to more than 8.1 million today—a sixteen-fold increase in less than ten years.¹³² In just the last year, MetroPCS increased its subscriber base by almost twenty-three

¹³⁰ Presentation of MetroPCS at Bank of America Credit Conference, at 11 (November 17, 2010), <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NDA3MjY1fENoaWxkSUQ9NDE2NjIzFR5cGU9MQ==&t=1> (“MetroPCS Bank of America Credit Conference”).

¹³¹ Press Release, *MetroPCS Reports Second Quarter 2008 Results* (Aug. 7, 2008), <http://investor.metropcs.com/phoenix.zhtml?c=177745&p=irol-newsArticle&id=1184673> (reporting that as of June 30, 2008, MetroPCS had 4,598,049 subscribers); MetroPCS Communications Inc., Annual Report (2010 Form 10-K), at 6 (March 1, 2011) (“As of December 31, 2010, we had over 8.1 million subscribers.”).

¹³² *MetroPCS Bank of America Credit Conference* at 13; MetroPCS Communications Inc., Annual Report (2010 Form 10-K), at 6 (March 1, 2011).