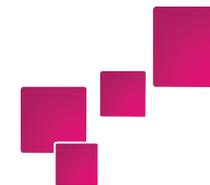


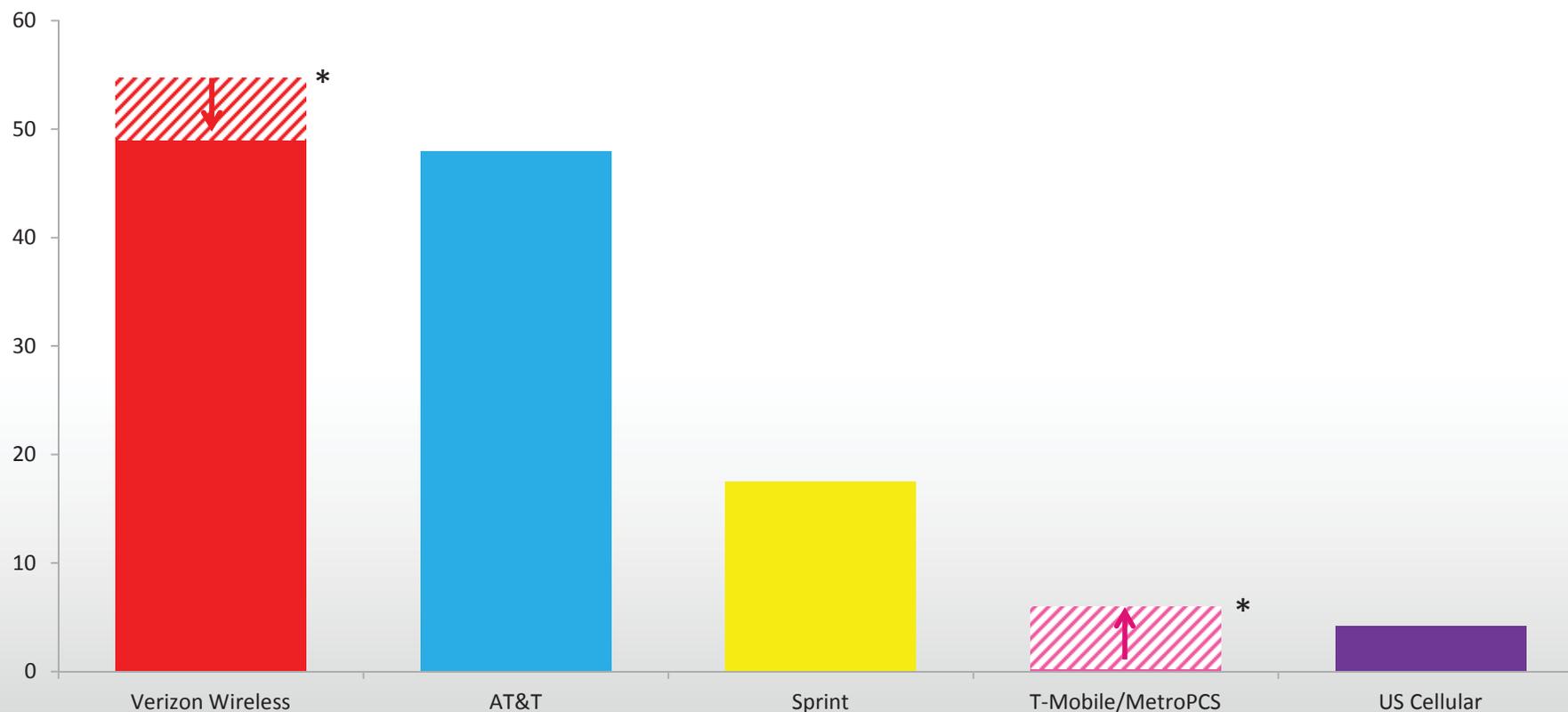


Incentive Auction Issues

Low-band Spectrum is Highly Concentrated



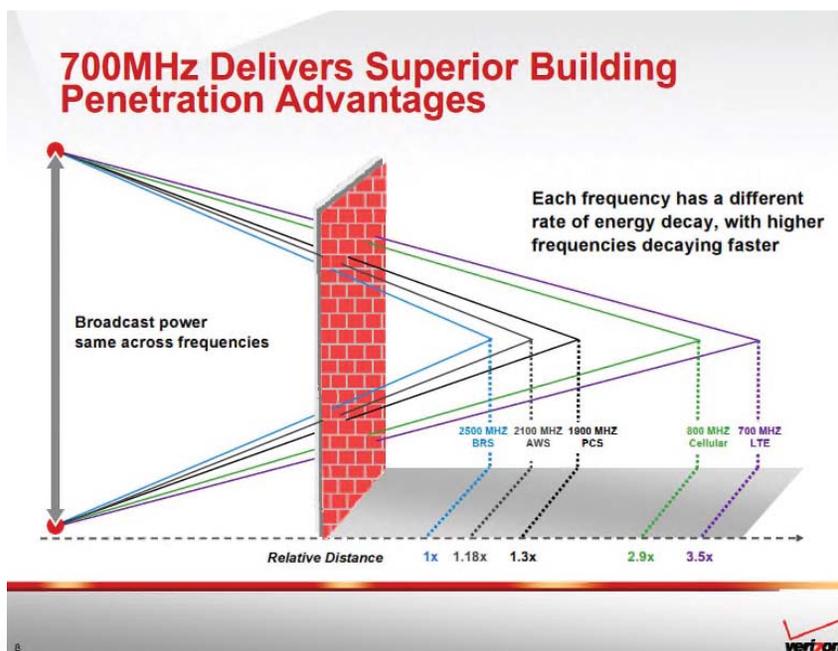
Spectrum holdings below 1 GHz (nationwide population-weighted average megahertz)



Source: Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Mobile Conditions with Respect to Commercial Mobile Services, Sixteenth Report, WT Docket No. 11-186, ¶ 118 (rel. Mar. 21, 2013); Verizon and T-Mobile Assignment Applications, ULS File Nos. 0006090675, 0006090661 (filed Jan. 10, 2013).

* The hashed boxes reflect T-Mobile's pending acquisition of certain Lower 700 MHz A Block spectrum licenses from Verizon Wireless.

Low-Band Spectrum is Necessary to Compete



Lowell McAdam, President & CEO, Verizon Wireless, Presentation to Barclays Capital (May 26, 2010), available at http://www.verizon.com/idc/groups/public/documents/adacct/event_965_precol.pdf#page=8

- AT&T's CEO: Low-band spectrum is "beachfront property" and "propagates like a bandit"

In-building penetration and rural coverage is essential to compete

- A one-third aggregation limit on below 1 GHz holdings addresses market power
 - Minimum access exception ensures a 5x5 MHz license is available in all markets
 - AT&T could win two or more licenses in >70% of markets at 84 MHz
- To protect competition and consumers, the Administration through the DOJ supports below 1 GHz spectrum-aggregation limits
- Dynamic Market Rule ensures clearing targets and revenue are never at risk

Anticipated Funding for FirstNet Will Be Met Before the Incentive Auction



Spectrum Block	Estimated Proceeds (4Q2013)	Price per MHz-POP (Est.)
<i>H Block</i> 1915-1920 MHz/1995-2000 MHz	\$1.6-\$2.3 billion	\$0.50-\$0.75
<i>AWS-3</i> [1755-1780] ¹ /2155-2180 MHz	\$6.3-\$9.4 billion	\$0.80-\$1.20
<i>1695 Band</i> 1695-1710/[unspecified 15 MHz in the Spectrum Act]	≥\$1 billion unpaired; \$2.3-\$4.7 billion paired	≥\$0.21 if unpaired; \$0.50-\$1.00 if paired
Total (without 600 MHz)	\$8.9-\$16.4 billion	--

¹ Proceeds from the auction of this spectrum band do not go to the Public Safety Trust Fund and so are excluded from these calculations.