

SUBMITTED APRIL 30, 2014

**AT&T QUARTERLY REPORT REGARDING TRANSFER OF LICENSES
FROM ALLIED TO AT&T, COVERING THE TIME PERIOD OF
JANUARY 1- MARCH 31, 2014**

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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. This is AT&T’s second quarterly progress report; it details AT&T’s progress towards implementing the Commitments and AT&T’s customer migration plans as of March 31, 2014 except where a later date is specified.

In summary, as of March 31, 2014, AT&T is on track to implement the Commitments and its customer migration plans on schedule. Of course, as detailed below and as contemplated by the *Commitment Letter* and AT&T’s plans, much work remains. AT&T will continue to advise the

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 are 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*”).

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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 price, terms, and conditions of these agreements, which remain in effect as of March 31, 2014. 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 at least June 17, 2015, except at Allied’s nine former sites in CMAs 381 and 384.

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 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

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.

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

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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 identified [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] Allied cell sites it intends to integrate into its 4G network. Of these [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] sites, AT&T is on track to upgrade [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] sites (the "CDMA Sites")⁸ to HSPA+ and complete their integration into AT&T's network within 15 months of Closing (December 20, 2014). The remaining [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] continue to raise unique issues that were explained in the First Quarterly Report and are updated separately below.

AT&T has completed the initial RF design for all [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CDMA Sites. All [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CDMA Sites are concurrently in the "Site Acquisition Phase"⁹ and the Transport Phase. The Site Acquisition Phase comprises structural analysis, amendments to site leases, and zoning and permitting verification and approvals of changes. The Transport Phase consists of Ethernet circuit design and the construction and integration of backhaul solutions to each CDMA Site.

Site Acquisition Phase

The "average" CDMA Site tower requires two or three antennas *per* sector to operate current 2G CDMA and/or EV-DO (3G) technology (six to nine total). To overlay HSPA+ on the same tower requires one additional antenna per sector (three incremental).¹⁰ The additional antennas must be added to the tower *without removing* the existing CDMA/EV-DO antennas, as AT&T has committed to continue offering CDMA roaming services until at least June 17, 2015. To

⁸ As discussed below, during the first quarter of 2014, AT&T acquired full ownership and control of Georgia RSA #8 Partnership (previously, AT&T only held Allied's one-third interest), so AT&T can now integrate that partnership's cell sites into its network. Accordingly, the number of CDMA Sites has increased since the First Quarterly Progress Report to include the [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] partnership cell sites that AT&T plans to keep.

⁹ Although AT&T already owns the CDMA Sites, it still refers to this phase as "site acquisition."

¹⁰ Further overlaying LTE on top of HSPA+, as AT&T intends to do for the vast majority of towers, requires one more additional antenna per sector (three incremental).

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determine whether the towers at the CDMA Sites can bear the weight of the additional HSPA+ antennas and radios AT&T plans to deploy, AT&T has ordered tower structural load analyses for all CDMA Sites. AT&T has received completed structural site analyses for [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] towers. Of the [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] towers, [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] can bear the additional antennas and equipment, and [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] will require structural modifications. AT&T is in the process of determining the necessary structural modifications, which may involve reinforcement of the towers or tower foundations or modifications to the other appurtenances, for the [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] latter towers.

In parallel, AT&T continues to pursue amendments to site leases and zoning and permitting approvals to allow AT&T to install the additional antennas and site hardware needed for the HSPA+ technology deployment. AT&T has submitted proposed lease amendments to the tower owners for [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CDMA Sites; [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] have been executed. For [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CDMA Sites, AT&T either has determined preliminarily that its proposed modifications will not require zoning approvals or has submitted applications for approval. For all but [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] of these CDMA Sites, any necessary zoning approval has been obtained. Likewise, for [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CDMA Sites, AT&T either has determined that its proposed modifications will not require building permits or has applied for such permits. For all but [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] of these sites, any necessary building permit has been obtained.

Transport Phase

AT&T has completed the Ethernet circuit design and has signed contracts with fiber vendors for over 80 percent of the CDMA Sites. AT&T continues to explore whether vendors will be able to provision fiber to the remaining CDMA Sites. In addition, AT&T is ordering equipment and preparing equipment shelters at the CDMA Sites for installation of Ethernet transport; [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CDMA Sites are ready for the fiber vendors to complete their installations. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

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[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

As a result of these efforts, AT&T currently projects it will have upgraded all **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** CDMA Sites to HSPA+ and integrated them into AT&T's 4G network on or before December 20, 2014.¹¹

AT&T Implementation Status of Its LTE Network Build-Out Commitment:

AT&T currently projects that it will satisfy its LTE network build-out Commitment. Satisfaction of this Commitment is measured against the number of Allied cell sites that are in areas where AT&T held AWS or Lower 700 MHz B or C block spectrum as of September 18, 2013 and that will be integrated into the AT&T network. AT&T plans to obtain fiber-based Ethernet-to-the-Cell ("ETTC") backhaul wherever it is commercially reasonable to do so, based primarily on the availability of Ethernet service providers that possess the necessary expertise and resources to complete this work in rural and isolated locations, where many of the CDMA Sites are located. Of the **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** CDMA Sites,¹² AT&T preliminarily 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]**. Based on vendor forecasts, AT&T projects that **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T

HIGHLY CONFIDENTIAL INFORMATION].

Where AT&T has been unable to identify a willing and qualified ETTC service provider, AT&T tentatively has identified Ethernet backhaul via microwave solutions to support the LTE upgrades. These solutions use a point-to-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. Even where a microwave Ethernet solution is feasible, however, AT&T may

¹¹ Although AT&T has not yet identified any obstacles from third parties (*e.g.*, landlords or zoning or other local regulatory bodies) or structural limits that might prevent the upgrade of a given CDMA Site within this timeframe, it remains foreseeable that such obstacles may emerge for a small number of sites. AT&T will adapt to any such challenge that emerges in order to provide the best customer experience practicable and will seek a waiver from the Commission as necessary to be consistent with the Commitments.

¹² Only **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** of these sites are within the LTE Commitment because five are located outside of AT&T's footprint of AWS or Lower 700 MHz B or C block spectrum, as it existed on September 18, 2013. (As mentioned in footnote 8 above, the overall number of CDMA Sites has increased since the First Quarterly Progress Report to reflect the Georgia RSA #8 Partnership cell sites AT&T plans to integrate into its network. The number of sites within the LTE Commitment has increased correspondingly.)

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not be able to deploy it within 18 months of Closing due to the significant time periods required for design, licensing, zoning, and construction.¹³

As with the HSPA+ deployment, AT&T will need to obtain site lease amendments and undertake any necessary structural reinforcements of the towers or tower foundations or modifications of the other appurtenances in order for the towers to bear the additional LTE antennas and equipment. AT&T expects that this work, together with the deployment of high-speed backhaul, will proceed rapidly enough at enough sites for AT&T to meet its LTE network build-out Commitment.

**GA8 and [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
[END AT&T HIGHLY CONFIDENTIAL INFORMATION]**

In its First Quarterly Progress Report, AT&T advised that at Closing, it had assumed Allied's one-third interest in the Georgia RSA #8 Partnership ("GA8"), which offers CDMA wireless services under the Alltel brand in CMA378, and Allied's role as manager of GA8's CDMA network and its retail operations. AT&T further stated that as of December 31, 2013, since it did not have voting control of GA8, it was unable to require the partnership to incur the capital costs necessary to upgrade the GA8 network facilities including **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]** cell sites owned by GA8. Nevertheless, AT&T said it would take all the steps toward integrating and upgrading the GA8 sites that it could without the consent of the other partners. For similar reasons, AT&T was unable to cause GA8 to relinquish its ETC designation, so GA8 continued to offer Lifeline service to its customers. On March 20, 2014, with the Commission's consent, AT&T acquired the outstanding interests in GA8. With full ownership and control, AT&T is now able to implement its various commitments and plans with respect to the network assets and customers belonging to GA8.

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

¹³ For example, the considerable structural modifications required for mounting microwave antennas on towers typically take over six months to complete.

¹⁴ AT&T believes that this dispute has been resolved and will update the Commission in its next progress report covering the second quarter of 2014.

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[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

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.”¹⁵

AT&T Implementation Status:

As of April 9, 2014, AT&T completed the development, testing and deployment of a “Pre-Selection Tool” to enable Allied postpaid customers to select, at no cost to the customer, a new 3G or 4G device comparable to their current CDMA devices. The Pre-Selection Tool is a database that contains customer information including customer names, the number of wireless lines associated with each account, the make and model of the existing CDMA handsets the customers have, and the comparable 3G or 4G devices they may select to replace their CDMA handsets. The Pre-Selection period for the first migration group was scheduled (as of March 31, 2014) to begin on April 10, 2014.¹⁶ The Tool will be accessible by this migration group online, in AT&T retail locations (including former Allied retail locations) or by calling customer service.

In addition to selecting comparable devices, postpaid customers may also select their comparable AT&T rate plans and features in the Pre-Selection Tool. AT&T has completed development of AT&T rate plans that are substantially similar to the existing Allied rate plans. All end-to-end testing will be completed for these rate plans in **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** to ensure that features work correctly and the billing system generates accurate bills.

¹⁵ *Commitment Letter*, Attachment A, at 3-4; *Order*, 28 FCC Rcd. at 13,722 ¶ 97.

¹⁶ AT&T will provide an update on this process in its next progress report covering the second quarter of 2014.

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Below is a timeline summarizing AT&T's plans for the postpaid customer migration. As indicated in AT&T's Response to the Information and Discovery Request, the postpaid customer migration will occur on a rolling market-by-market basis.¹⁷ The listed dates apply to the first set of areas being transitioned. All listed dates are tentative and subject to completion of the network build-out which AT&T expects to occur in **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** for the first set of areas.

April 9, 2014: Completed the development, testing and deployment of AT&T's Pre-Selection Tool.

Mid-April 2014: Pre-Selection Tool letter explaining the pre-selection process was scheduled to be mailed to postpaid customers in the first set of areas to be transitioned.

Mid-April 2014: The Pre-Selection Tool was scheduled to become accessible to postpaid customers in the first set of areas to be transitioned. The pre-selection period will last approximately **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** days¹⁸ for each set of areas. During this period, customers can access the Pre-Selection Tool online, at AT&T retail locations (including former Allied retail locations), or by calling customer service.

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]**

- HSPA+ conversion complete in the first set of areas.
- For the first set of areas being transitioned, AT&T ships postpaid customers' pre-selected comparable devices to the customers' addresses.
- Customer transition commences and comparable devices activated in the first set of areas being transitioned. AT&T will provide customers timely notices by mail and text message of their transition dates.

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

¹⁷ Response of AT&T Inc. to Information and Discovery Request Dated June 5, 2013, at 23 (June 19, 2013).

¹⁸ The precise length of the pre-selection period in any area will vary due to its timing relative to holidays and busy sales periods, among other factors.

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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.”¹⁹

AT&T Efforts:

At Closing, AT&T acquired approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] active²¹ former Allied prepaid customers (the “Active Prepaid Base”) in six states including mobile broadband customers. AT&T has finalized a migration plan for prepaid subscribers. Subject to completion of the AT&T network upgrades, AT&T expects to begin the prepaid subscriber migration sometime in [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] and complete the same by [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]. The prepaid migration offer has been finalized for the first group of migrating customers and, once the network is ready, AT&T will begin marketing migration offers to prepaid customers.

AT&T was scheduled to cease sales of new CDMA prepaid service in AT&T retail locations (including former Allied retail locations) as of April 1, 2014.²² New prepaid service will no longer be sold through AT&T’s indirect distribution as of May 1, 2014. Existing customers will continue to be able to add money to their accounts and to use CDMA prepaid service until the AT&T HSPA+ network is available in the customer’s area. The chart below presents (by state)

¹⁹ 5th Supplemental Response at 2.

²⁰ In its First Quarterly Report, AT&T stated it acquired approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] active former Allied prepaid subscribers at Closing. The [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] figure above includes the estimated [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] prepaid non-Lifeline GA8 subscribers who were active at Closing.

²¹ 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.

²² AT&T will provide an update on this process in its next progress report covering the second quarter of 2014.

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the number of active prepaid customers as of the date of Closing, the number of those customers at Closing who left the network through March 31, 2014, and the number of active prepaid customers as of March 31, 2014 (which reflects both added and discontinued subscribers since Closing). In calculating these numbers and in planning to ensure that no more than ten percent of the active Allied prepaid customers at the date of Closing will still need to be migrated at the end of the transition period for each market, AT&T has excluded prepaid customers who are former Allied Lifeline customers because they are the subject of separate, distinct migration plans discussed below.

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

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 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.”²³

²³ 5th Supplemental Response at 3.

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AT&T Efforts:

At Closing, AT&T acquired 50,628²⁴ former Allied Lifeline prepaid customers (“FLL Customers”). As of March 31, 2014, FLL Customers numbered **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]**.²⁵ Prior to Closing, Allied aggressively targeted Lifeline sales wherever it had an ETC designation. Because Allied’s ETC designations were not transferred to AT&T at Closing or were relinquished promptly thereafter, Lifeline sales ceased, resulting in no new Lifeline subscribers to offset churn.

FLL Customers continue to use their CDMA handsets as they did prior to Closing. AT&T is making progress towards implementing the first step of its two-step migration of FLL Customers. During the preceding quarter, AT&T completed development and testing of new comparable Allied postpaid rate plans with prices substantially similar to the prepaid Lifeline plans to which the FLL Customers had subscribed. After providing advance notice, AT&T began migrating all active FLL Customers to these comparable postpaid rate plans. As of March 31, 2014, **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** FLL customers have been migrated to the new postpaid plans. Migration efforts will continue in the second quarter of 2014. FLL Customers will be able to keep these postpaid plans and to continue using their current CDMA handsets while they are still supported by the CDMA network.

In the second step of the migration, remaining FLL Customers will be migrated to AT&T’s network in the same manner as all other Allied postpaid subscribers, except that FLL Customers will receive a comparable device, at no cost, preselected by AT&T.

²⁴ In its First Quarterly Report, AT&T stated it had acquired 50,361 former Allied Lifeline customers as of Closing. The above figure includes the approximately 267 GA8 Lifeline customers as of Closing.

²⁵ Prior to Closing, Allied was designated as an ETC in several states. As part of the transaction, and excepting GA8, AT&T acquired a designation in only one state, which it relinquished immediately thereafter. On April 3, 2014, after completing its acquisition of GA8, AT&T filed to relinquish GA8’s ETC designation.