

**DESCRIPTION OF TRANSACTION
AND PUBLIC INTEREST STATEMENT**

By this FCC Form 603 assignment application, the applicants respectfully request consent to the assignment of 700 MHz A-Block ("700 MHz"), Personal Communications Services ("PCS") and Advanced Wireless Service ("AWS") spectrum by Grain Spectrum IV, LLC ("Assignor") to T-Mobile License LLC ("Assignee" and, together with Assignor, the "Parties"), as described herein.

These assignments involve only the transfer of spectrum; they do not involve any transfer of network or other assets or customers. The assignments will augment the spectrum holdings of Assignee, expanding capacity and thereby benefiting consumers. The assignments will also provide vital capital to enable Assignor to expand its existing wireless and telecommunications infrastructure operations with the eventual goal of bringing more choices to key U.S. customer segments through the delivery of new, competitive, facilities-based services. For the reasons set forth below, the Parties submit that Commission approval of the proposed assignments is consistent with the public interest, convenience and necessity.

Description of the Parties

Assignee is a wholly-owned subsidiary of T-Mobile USA, Inc. ("T-Mobile USA") and, indirectly, T-Mobile US, Inc. ("T-Mobile US"), a publicly traded company, and part of the family of companies that operate under the T-Mobile[®] brand names. Deutsche Telekom AG, a publicly-traded German company based in Bonn, Germany ("DT"), holds a 66.21 percent interest in T-Mobile US through its wholly-owned subsidiary T-Mobile Global Zwischenholding GmbH ("T-Mobile Global"). This subsidiary owns all of the equity and voting interests of T-Mobile Global Holding GmbH ("T-Mobile Holding"), which owns all of the equity and voting interests of Deutsche Telekom Holding B.V. ("DT Holding B.V."), which in turn holds the 66.21 percent interest in T-Mobile US. The remaining 33.79 percent interest in T-Mobile US is held by public shareholders. Led by a management team with decades of collective experience in the telecommunications industry, T-Mobile US is headquartered in Bellevue, Washington, offers nationwide wireless voice and data services to consumer and business customers and provides service to over 50 million subscribers. The Commission has repeatedly found that Assignee and its controlling companies have the requisite character and qualifications to hold Commission authorizations.¹ An FCC Form 602 providing current ownership information for Assignee is on file with the Commission.²

¹ See, e.g., *Applications of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. for Consent to Transfer of Control of Licenses and Authorizations*, Memorandum Opinion and Order and Declaratory Ruling, 28 FCC Rcd 2322, ¶ 19 (WTB/IB 2013) ("*T-Mobile-MetroPCS Order*"); *Applications of T-Mobile USA, Inc. and SunCom Wireless Holdings, Inc.*, Memorandum Opinion and Order, 23 FCC Rcd 2515, 2519-20 ¶ 10 (2008).

² Based on prior guidance from the Wireless Telecommunications Bureau, the Form 602 filing for T-Mobile USA satisfies the ownership reporting requirements of Sections 1.919 and 1.2112(a) of the Commission's rules for its wholly-owned subsidiaries. See 47 C.F.R. §§ 1.919, 1.2112(a); see also *Wireless Telecommunications*

Assignor is indirectly wholly owned by Grain Capital II, LLC, which also indirectly wholly owns Grain Spectrum LLC, Grain Spectrum II, LLC, and Grain Spectrum III, LLC each of which are FCC licensees.³ Grain Capital II, LLC is managed by Grain Management, LLC (“Grain Management”), a small, entrepreneurial firm which invests in and manages communications infrastructure projects in North America. Grain Management’s investments focus on building, acquiring, and operating communications infrastructure including voice, video and data networks, and wireless communications towers and related assets. Established in 2007, Grain Management, along with its affiliates, has built, owned and operated wireless infrastructure assets across more than 30 U.S. states and delivered innovative, flexible, and highly cost-efficient telecommunications infrastructure solutions to major commercial and government customers. Both Grain Management and Grain Capital II, LLC are indirectly 100 percent owned and controlled by David Grain, an African-American entrepreneur with more than 25 years of experience investing in, owning and managing telecommunications assets.⁴ The Commission has previously found that Grain Management has the requisite character and other qualifications to hold Commission licenses.⁵ An FCC Form 602 providing current ownership information for Assignor is on file with the Commission.⁶

Description of the Transaction

Each of the Parties is a party to two separate License Purchase Agreements, each dated as of July 28, 2014 (the “Purchase Agreements”), one for the purchase and sale of the 700 MHz license described in Part 1 of Attachment A hereto (the “700 MHz License”) and the other for the purchase and sale of the PCS license (the “PCS License”) and the AWS license (the “AWS

Bureau Answers Frequently Asked Questions Concerning Reporting of Ownership Information on FCC Form 602, Public Notice, 14 FCC Rcd 8261, 8264-65 (WTB 1999) (“Form 602 FAQ’s”).

³ *Applications of AT&T Inc., Cellco Partnership d/b/a Verizon Wireless, Grain Spectrum, LLC, and Grain Spectrum II, LLC, Memorandum Opinion and Order, 28 FCC Rcd 12878 (2013) (“AT&T-Verizon-Grain Order”); Public Notice, Report No. 9835, Aug. 20, 2014 (“CBW-Verizon-Grain Consent”).*

⁴ Mr. Grain spent 13 years in investment banking where he focused in part on media and telecom. Mr. Grain has held senior executive positions in the broadband and wireless tower industry. For the past seven years, Mr. Grain has served as Founder and CEO of Grain Communications & Grain Management, with a focus on investments in telecommunications infrastructure assets.

⁵ *See AT&T-Verizon-Grain Order at ¶17; CBW-Verizon-Grain Consent.*

⁶ While Assignor is today indirectly 100% owned and controlled by David Grain, Mr. Grain is considering, and may during the pendency of this application implement, a number of structural and/or ownership changes with respect to Assignor, including (a) transferring indirect minority ownership interests to trusts established for the benefit of members of his family, (b) transferring indirect minority interests to outside investors, and/or (c) creating new intervening entities in the ownership chain that directly or indirectly own Assignor. In all of these instances Mr. Grain will ensure that he at all times retains *de jure* and *de facto* control of Assignor, and that he timely updates the Form 602 ownership reports on file with the Commission as necessary to reflect any such changes.

License”) described in Part 2 of Attachment A hereto. Assignor currently holds all three licenses (collectively, the “Licenses”). Pursuant to the Purchase Agreements, Assignor has agreed to assign to Assignee, and Assignee has agreed to accept, the full spectrum bandwidth in the full license area of the Licenses.

Transition Issues and Lease

The transaction involves only the assignment of spectrum and does not include the transfer of any other assets, facilities or customers. There will be no loss of an existing service provider in any of the market areas subject to the transaction at issue as a result of this assignment to Assignee. The 700 MHz License is a lower 700 MHz A Block spectrum license for which the interim construction deadline has not yet passed. Assignor has recently acquired the PCS License from Cincinnati Bell Wireless, LLC (“CBW”) and the AWS License from Cellco Partnership d/b/a Verizon Wireless (“Cellco”) and is under an obligation to lease the spectrum rights under the PCS License to CBW until April 6, 2015, and under the AWS License to Cellco until 30 days after that date. Assignee will enter into a lease with Assignor (the “Lease”) commencing on the closing of Assignee’s acquisition of the Licenses and ending on April 6, 2015 with respect to the PCS License, and 30 days after that date with respect to the AWS License (the “Lease Period”), to allow Assignee to sublease the spectrum to CBW and Cellco, respectively. During the Lease Period, CBW and Cellco will transition their current operations off the PCS License and the AWS License.⁷ Thus, Assignor is not providing commercial service to end-user customers on the Licenses, and the Lease will allow CBW and Cellco to transition their customers off the PCS License and the AWS License. Accordingly, there will be no discontinuance, reduction, loss or impairment of service to customers as a result of this assignment to Assignee.

The Parties intend to consummate the subject transactions promptly following Commission consent by “Final Order” (unless finality is waived by Assignee) and the satisfaction of certain contractual conditions.

Public Interest Statement

Section 310(d) of the Communications Act of 1934, as amended (the “Act”), requires that the Commission determine whether the transaction presented herein is consistent with the public interest, convenience and necessity.⁸ To make that assessment, the Commission generally

⁷ As described in the FCC application pursuant to which Assignor acquired the Licenses, the sale of the 700 MHz and PCS Licenses by CBW to Assignor follows CBW’s strategic business decision to exit the wireless business. CBW expects to continue to provide commercial mobile wireless voice and broadband services to its customers until the first quarter of 2015, during which time it will take steps to assist its customers to transition to other carriers. The FCC approved this application on August 20, 2014. See *CBW-Verizon-Grain Consent*.

⁸ Section 310(d) provides that “no construction permit, or station license, or any rights thereunder, shall be transferred, assigned, or disposed of in any matter . . . to any person except upon application to the Commission and upon finding by the Commission that the public interest, convenience, and necessity will be served thereby.” 47 U.S.C. § 310(d).

considers four factors: “(1) whether the transaction would result in the violation of the Act or any other applicable statutory provision; (2) whether the transaction would result in a violation of Commission rules; (3) whether the transaction would substantially frustrate or impair the Commission’s implementation or enforcement of the Act or interfere with the objectives of that and other statutes; and (4) whether the transaction promises to yield affirmative public interest benefits.”⁹ As part of its public interest analysis, the Commission reviews whether the transaction will have anti-competitive effects and, if so, whether there are overriding public interest benefits that would support a grant.

The Commission has determined that transfer and assignment applications that demonstrate on their face that a transaction will yield affirmative public interest benefits and will neither violate the Act or Commission rules nor frustrate or undermine policies and enforcement of the Act do not require extensive review and expenditures of considerable resources by the Commission.¹⁰ The instant application meets this standard.¹¹

The assignments from Assignor to Assignee will yield clear public interest benefits by allowing Assignee to expand its 700 MHz footprint and augment its PCS and AWS spectrum holdings in the applicable markets and thus offer improved services to its customers, thereby enabling Assignee to become a stronger competitor in the markets relevant to the Licenses and nationwide. Thus, Commission approval of this application will enhance competition and improve the quality of services in the wireless marketplace.

The assignments will also provide vital capital to Assignor that can be used to fund the expansion of its existing wireless and telecommunications infrastructure operations and lay the foundation for the development of innovative telecommunications services. The cash flow and

⁹ *SBC Communications Inc. and BellSouth Corp.*, 15 FCC Rcd 25459, 25464 (WTB/IB 2000) (citation omitted); *Ameritech Corp. and SBC Communications Inc.*, 14 FCC Rcd 14712, 14737-38 (1999) (“*Ameritech-SBC Order*”); see also *EchoStar Communications Corp., (a Nevada Corp.), Gen. Motors Corp., and Hughes Electronics Corp (Delaware Corp.) (Transferors) and EchoStar Communications Corp. (a Delaware Corp.) (Transferee)*, 17 FCC Rcd 20559, 20574 (2002); *WorldCom, Inc. and MCI Communications Corp.*, 13 FCC Rcd 18025, 18030-32 (1998); *Merger of MCI Communications Corporation and British Telecommunications plc*, 12 FCC Rcd 15351, 15367-68 (1997).

¹⁰ See *Tele-Communications, Inc. and AT&T Corp.*, 14 FCC Rcd 3160, 3170 (1999); *Ameritech-SBC Order*, 14 FCC Rcd at 14740-41.

¹¹ The Commission has emphasized that a detailed showing of benefits is not required for transactions where there are no anti-competitive effects. The Commission stated in *Southern New England Telecomm. Corp. and SBC Communications Inc.*, 13 FCC Rcd 21292, 21315 (1998), that, in the absence of anti-competitive effects, a detailed showing of benefits is not necessary in seeking approval of a merger. Similarly, as the Commission stated in its approval of the SBC/Pacific Telesis merger, where it found that the merger would not reduce competition and that SBC possessed the requisite qualifications to control the licenses in question, “[a] demonstration that benefits will arise from the transfer is not . . . a prerequisite to our approval, provided that no foreseeable adverse consequences will result from the transfer.” *Pacific Telesis Group and SBC Communications Inc.*, 12 FCC Rcd 2624, 2626-27 (1997); see also *Comcast Cellular Holdings, Inc. and SBC Communications, Inc.*, 14 FCC Rcd 10604, 10608-09 (WTB 1999).

enhanced access to capital and expertise resulting from this and other recent transactions will dramatically increase Assignor's capacity to develop new, robust, and independent, facilities-based wireless services for consumers – a critical Commission objective.

The assignments proposed herein will not result in any violation of the Act or any other applicable statutory provision. Moreover, the assignments fully comply with all Commission rules and regulations and require no waivers. Therefore, they do not frustrate or impair the Commission's implementation, enforcement, or objectives of the Act or other statutes.

Finally, each License was initially licensed by the Commission more than three years ago and is not currently subject to any installment financing. The Licenses were not subject to bidding credits or restrictions on ownership based on designated entity status. Therefore, Commission approval of the assignments would not result in any unjust enrichment concerns.¹²

Spectrum Aggregation/Competition Analysis

As discussed below, these assignments -- which will not reduce the number of competitors, service offerings or customer choices in any market -- do not raise any spectrum aggregation or competitive concerns.

Spectrum Aggregation and Competitive Analysis. Because Assignee, post-consummation, will hold only between 62 and 82 MHz of attributable spectrum in all of the 29 counties subject to the instant assignments (and will be attributed 12 MHz less spectrum in the 8 counties within BEA050-Dayton-Springfield, OH during the term of the Lease), Assignee's spectrum aggregation will be well below current levels requiring further competitive review (*see Exhibit 2*).¹³

These assignments do not raise any competitive or other public interest concerns. As discussed above, there will be no loss of an existing service provider in the market areas subject

¹² See 47 C.F.R. § 1.2111.

¹³ Prior to September 9, 2014, the Commission's initial spectrum screen identified, for further case-by-case market analysis, those markets in which, post transaction, the applicable party would have a 10 percent or greater interest in 102 MHz or more of cellular, PCS, SMR, 700 MHz and WCS spectrum where neither BRS nor AWS-1 spectrum is available; 121 MHz or more of spectrum where BRS spectrum is available but AWS-1 spectrum is not available; 132 MHz or more of spectrum where AWS-1 spectrum is available but BRS spectrum is not available; or 151 MHz or more of spectrum where both AWS-1 and BRS spectrum are available. See *AT&T/Leap Order* 29 FCC Rcd at 2753 ¶ 41, n. 141. In June 2014, the Commission updated the spectrum screen by (i) adding the following spectrum to the screen: total amount of 600 MHz (after incentive auction ends), 40 MHz of AWS-4, 10 MHz of H Block, 12 MHz of BRS, 89 MHz of EBS and 65 MHz of AWS-3 (as available, market by market); and (ii) deleting the following: 12.5 MHz of SMR and 10 MHz that was the upper 700 MHz D Block. See *Policies Regarding Mobile Spectrum Holdings, Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Report and Order, FCC 14-63, ¶¶ 70-135 (rel. June 2, 2014). The related rules became effective on Sept. 9, 2014, *i.e.*, 60 days after the July 11, 2014 date of publication in the *Federal Register*. The aggregate spectrum holdings of Assignee fall even further below the levels of this updated screen.

to the transaction at issue. Assignor is not using the Licenses to provide commercial service to end-user customers, and the Lease will allow CBW and Cellco to transition their operations and customers off the PCS License and the AWS License. Thus, there will be no discontinuance, reduction, loss or impairment of service to end-user customers or a reduction in the number of actual competitors providing service as a result of this assignment to Assignee. Moreover, there are numerous other carriers holding CMRS spectrum in the markets in which Assignee is acquiring spectrum (*see Exhibit 3*), which will ensure that a high degree of competition continues to exist.

Foreign Ownership of Assignee

As noted above, Assignee is a wholly-owned subsidiary of T-Mobile USA. T-Mobile USA in turn is a wholly owned direct subsidiary of T-Mobile US, a U.S.-organized entity. DT, a publicly-traded German corporation,¹⁴ holds a 66.21 percent interest in T-Mobile US and, indirectly, in T-Mobile USA through the intermediate companies described above.

On December 30, 2013, the Commission granted, subject to certain conditions, T-Mobile US's Petition for Declaratory Ruling under Section 310(b)(4) of the Communications Act on behalf of its subsidiaries and affiliates holding common carrier radio licenses that it would not serve the public interest to prohibit more than 25 percent foreign ownership in T-Mobile US.¹⁵ That ruling also specifically permitted: (i) the specific foreign entities with a non-controlling interest in T-Mobile US (*i.e.*, Kreditanstalt für Wiederaufbau and the Federal Republic of Germany ("FRG")), to increase their equity and/or voting interests, at some future time up to and including a non-controlling indirect 49.99 percent equity and/or voting interest; and (ii) the specific foreign entities with a controlling interest in T-Mobile US (*i.e.*, DT Holding B.V., T-Mobile Holding, T-Mobile Global and DT) to increase their interests, at some future time, up to and including 100 percent of T-Mobile US's equity and/or voting interests.¹⁶ T-Mobile US's petition was filed in connection with an internal corporate reorganization that resulted in the insertion of a new direct parent company, DT Holding B.V., a limited liability company organized in the Netherlands, into T-Mobile US's ownership chain. That declaratory ruling includes all authority available under the rules, including the standard terms and conditions set forth in Section 1.994 of the rules, and thus extends to Assignee (among other licensee subsidiaries of T-Mobile USA) and the type of wireless service license that is the subject of the instant transaction. The foreign ownership in the licensees as approved has not materially changed since December 30, 2013 and will not be affected by the instant transaction.

¹⁴ Germany is a signatory to the World Trade Organization ("WTO") Basic Agreement on Telecommunications.

¹⁵ *See* File No. ISP-PDR-20130924-00006 (filed Sept. 24, 2013 and supplemented Oct. 24, 2013); *International Authorizations Granted*, Public Notice, Report No. TEL-01650, DA 14-24 (rel. Jan. 9, 2014).

¹⁶ *Id.*

Compliance with DOJ/FBI/DOD Agreement by Assignee

Assignee also requests that the Commission condition its grant of the assignment of the Licenses on compliance with the provisions of the Agreement entered into on January 12, 2001, as amended, between DT, VoiceStream Wireless Corporation and VoiceStream Wireless Holding Corporation, on the one hand, and the Department of Justice and the Federal Bureau of Investigation, on the other (the "Agreement").¹⁷ The Agreement prescribed that the following specific language be included in the conditional grant of interests in FCC licenses in the specific context of the Agreement:

It is further ordered, that the authorizations and the licenses related thereto are subject to compliance with the provisions of the Agreement attached hereto between Deutsche Telekom AG, VoiceStream Wireless Corporation, VoiceStream Wireless Holding Corporation on the one hand, and the Department of Justice (the "DOJ") and the Federal Bureau of Investigation (the "FBI") on the other, dated January 12, 2001, which Agreement is designed to address national security, law enforcement, and public safety issues of the FBI and the DOJ regarding the authority granted herein. Nothing in the Agreement is intended to limit any obligation imposed by Federal law or regulation including, but not limited to, 47 U.S.C. § 222(a) and (c)(1) and the FCC's implementing regulations.¹⁸

Assignee hereby requests that the Commission impose a similar condition on the grant of the assignment of the Licenses to it.

Conclusion

The Parties respectfully submit that Assignee is qualified to obtain the Licenses and that Commission approval of the requested assignments will serve the public interest, convenience

¹⁷ See *Applications of VoiceStream Wireless Corp., Powertel, Inc. and Deutsche Telekom, AG*, Memorandum Opinion and Order, 16 FCC Rcd 9779, Appendix B (2001) (Agreement between DT, VoiceStream Wireless Corporation, VoiceStream Wireless Holding Corporation, the Department of Justice and the Federal Bureau of Investigation dated Jan. 12, 2001). The Agreement was amended in 2008 to add the Department of Homeland Security as a party and also amended in 2013 in connection with license transfers associated with the T-Mobile/MetroPCS transaction. See *Applications of T-Mobile USA, Inc. and SunCom Wireless Holding, Inc.*, Memorandum Opinion and Order, 23 FCC Rcd 2515, Appendix B (2008); *T-Mobile/MetroPCS Order*, 28 FCC Rcd at Appendix B, Amendment No. 2.

¹⁸ *Applications of VoiceStream Wireless Corp., Powertel, Inc. and Deutsche Telekom, AG*, 16 FCC Rcd at Appendix B, Exhibit A (Condition to FCC Licenses).

and necessity.¹⁹ Accordingly, the Parties respectfully request that the Commission grant the instant application.

¹⁹ See *Promoting Efficient Use of Spectrum Through Elimination of Barriers to the Development of Secondary Markets*, 18 FCC Rcd 20604 (2003).

ATTACHMENT A

Part 1—700 MHz License

Area	FCC Call Sign	Counties Included	Channel Block	Frequencies (MHz)	Exp. Date
BEA050- Dayton- Springfield, OH	WQIZ531	All counties in FCC Market No. BEA050	A	698.0-704.0 MHz & 728.0-734.0 MHz	6/13/2019

Part 2—PCS License and AWS License

Area	FCC Call Sign	Counties Included	Service	Channel Block	Frequencies (MHz)	Exp. Date
BTA081- Cincinnati, OH	KNLF900	All counties in FCC Market No. BTA 081	PCS	E	1885-1890 and 1965-1970	04/28/2017
REA003- Great Lakes (partitioned to include specified counties only)	WQUT336	Champaign, Clark, Greene, Miami, Montgomery and Preble, OH	AWS	F	1745-1755 and 2145-2155	11/29/2021