

## THE UPPER 700 MHz A BLOCK

### Spectrum is an Asset that Appreciates in Value

- Recognizing the scarcity of available spectrum for wireless communications, the Federal Communications Commission allocates spectrum licenses pursuant to competitive auction and encourages a robust secondary market to ensure spectrum is being put to its highest and best use.
- As the demand for wireless services has increased, so too has the value of spectrum licenses.
- The process to buy and sell spectrum licenses is straightforward and occurs on a regular basis between licensees; thus, if a licensee determines it no longer needs a spectrum license, it can sell it.
- Spectrum is an indefinite-lived asset that can be capitalized and amortized for tax purposes over a 15-year period.

### Characteristics of the 700 MHz Band

- The 700 MHz band is often referred to as the spectrum equivalent of “beach-front property” due to its superior propagation characteristics.
- These propagation characteristics enable broader wireless coverage at lower cost than in other spectrum bands (*i.e.*, fewer base stations are required to serve a given service area, thereby lowering infrastructure costs).
- Verizon Wireless’s CEO has described the 700 MHz band as “the very best spectrum with excellent propagation and in-building characteristics.”

### Permissible Uses

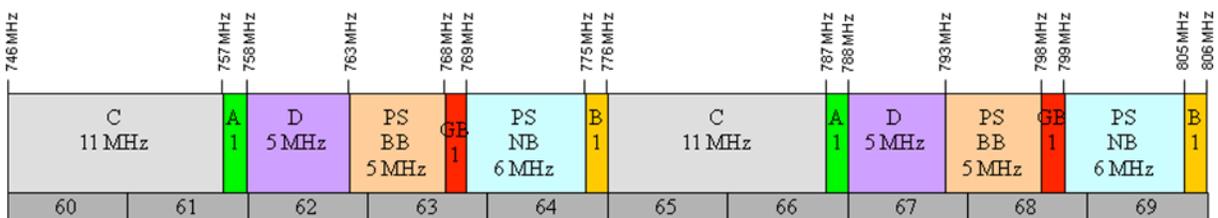
- Under FCC rules, the Upper 700 MHz A Block, like the adjacent C and D Blocks, may be used for a broad range of applications including fixed and mobile voice and data services.

### Block Size and License Areas

- The Upper 700 MHz A Block is a 1 MHz paired (2 MHz total) block of spectrum licensed by the FCC in 52 geographic areas called Major Economic Areas (MEAs).

### Spectrum Location

- The Upper 700 MHz A Block is located between the Upper 700 MHz C and D Blocks.



### License Term and Build-Out Requirement

- The current license term for the Upper 700 MHz A Block expires June 13, 2019.
- Prior to their license expiration, A Block licensees may apply to renew their licenses for new ten-year terms.
- As part of their June 2019 renewal applications, Upper 700 MHz A Block licensees must demonstrate compliance with the FCC’s build-out requirements; under these requirements, the licensee must show that it is using the A Block to provide “substantial service,” which the FCC defines as “service which is sound, favorable and substantially above a level of mediocre service which just might minimally warrant renewal.”