

AWS-3 AUCTION RESULTS: AT&T leads with \$18.2B, Verizon at \$10.4B, Dish at \$10B and T-Mobile at \$1.8B

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	Bidder	Bidding name	Total amount spent	Price per MHz-POP
1	AT&T	AT&T Wireless Services 3 LLC	\$18,189,285,000	\$2.88
2	Verizon	Cellco Partnership d/b/a Verizon	\$10,430,017,000	\$2.92
3	Dish	Northstar Wireless and SNR Wireless LicenseCo	\$9,995,567,775 (\$13,327,423,700 in gross bids plus a 25 percent discount for being designated entities)	\$1.68
4	T-Mobile	T-Mobile License LLC	\$1,774,023,000	\$1.63
5	U.S. Cellular	Advantage Spectrum, L.P.	\$338,304,000	-
6	John A. Dooley and TerreStar and Jarvinian	2014 AWS Spectrum Bidco	\$291,810,000	-
7	America Movil and Carlos Slim Family	Puerto Rico Telephone Company	\$170,901,300	-
8	William M. Mounger II	Tristar License Group	\$47,106,000	-
9	Francis J. DiRico	NE Colorado Cellular	\$30,718,000	-
10	Joseph Sofio	Sofio, Joseph A	\$13,483,500	-

Source: [BTIG](#), [Hogan Lovells](#) and [FCC filings](#)

The FCC has revealed the identities of the winning bidders in the AWS-3 spectrum, and AT&T ([NYSE: T](#)) was the biggest bidder, with close to \$18.2 billion in provisionally winning bids, roughly in line with analysts' expectations. Verizon Wireless ([NYSE: VZ](#)) wound up bidding \$10.43 billion, less than many analysts had expected (most had expected Verizon to bid \$15 billion to \$20 billion).

In a major surprise, Dish Network ([NASDAQ: DISH](#)) wound up bidding a net total of close to \$10 billion (and \$13.3 billion in gross provisional winning bids; Dish's designated bidding entities NorthStar Wireless, LLC and SNR Wireless LicenseCo, LLC got a 25 percent discount). Most analysts had expected Dish to bid at most \$6 billion and likely far less. T-Mobile US ([NYSE: TMUS](#)) bid \$1.77 billion, below analysts' expectations of \$2 billion to \$3 billion.

Bidding in the auction ended Thursday after 341 rounds and total of \$44.899 billion in provisional winning bids. A total of 65 MHz of spectrum was auctioned, including 50 MHz of paired spectrum and 15 MHz of unpaired uplink spectrum. Out of a total of 70 eligible bidding entities, 31 walked away with spectrum. When taking into account discounts, the auction had net proceeds of \$41.329 billion.

According to analysts at Jefferies and New Street Research, the paired spectrum in the auction (1755-1780 MHz for uplink operations and 2155-2180 MHz for downlink) sold for an average of \$2.71 per MHz-POP, well above what analysts had expected before the auction began Nov. 13. The uplink spectrum, the 1695-1710 MHz band, on average sold for much less at an average of 52 cents per MHz-POP.

The paired spectrum in the auction includes the G Block (1755-1760/2155-2160 MHz), H Block (1760-1765/2160-2165 MHz), I Block (1765-1770/2165-2170 MHz), and J Block (1770-1780 MHz /2170-2180 MHz). The G Block is licensed in 734 Cellular Market Area (CMA) geographies and the other paired spectrum blocks are licensed in 176 geographically larger Economic Areas (EAs). A total of 1,614 licenses were up for auction and the FCC wound up keeping only three of them.

The paired spectrum licenses drew by far the largest bids, especially for the 10x10 MHz J Block licenses in major metropolitan areas like New York City, Los Angeles and Chicago.

AT&T won the J Block in the New York area, the license with the highest provisional winning bid, and paid \$2.76 billion for the spectrum. AT&T also won the 10x10 MHz J Block in Chicago, Boston, Houston, Miami, Atlanta, Orlando, Fla., San Antonio, Texas, Cleveland, and other markets. AT&T won a total of 251 licenses.

AT&T said it covers 96 percent of the U.S. population with AWS-3 spectrum. "AT&T will work with network and handset suppliers, and industry standards bodies to deploy the spectrum beginning in the 2017-2018 period, allowing the company to stay ahead of strong growth in mobile Internet traffic," the carrier said. "AT&T anticipates putting this spectrum into service as a supplemental downlink to deliver additional mobile Internet capacity and better performance for its customers. AT&T will work with the FCC, NTIA, DOD, and other federal agencies to also support uplink capacity as soon as possible."

AT&T warned that "with this spectrum investment and other pending acquisitions, in the near term it [AT&T] may go above its 1.8x net-debt-to-EBITDA target."

Verizon won the J Block in Los Angeles, Washington, D.C., San Francisco, Philadelphia, Detroit, Phoenix, Seattle, Denver, Portland, Ore., San Diego, Indianapolis, and other markets. Verizon also won the H and I Blocks in Dallas, the H Block in Orlando, Fla., and many other paired spectrum blocks. Verizon won a total of 181 licenses.

Verizon said its licenses are in markets covering 192 million POPs, or 61 percent of the United States. The company said that it won't comment further under the FCC's anti-collusion quiet period ends at 6 p.m. Eastern Time on Feb. 13, 2015. Dish too said it wouldn't comment further due to the rules.

Dish was the big surprise. Most analysts had not expected Dish or its bidding partners to walk away with much paired spectrum. However, Northstar won the I and G Blocks in New York, the G Block in Los Angeles, the H and I Blocks in Chicago, the G Block in Dallas, and the I Block in Boston; and many other paired spectrum blocks in large markets. Northstar won a total of 345 licenses. Meanwhile, SNR Wireless won the J Block in Minneapolis, Charlotte, N.C., and Cincinnati, Ohio; the H Block in New York; the G Block in Atlanta, Boston, Chicago, Philadelphia, and Washington, D.C.; and many other paired spectrum blocks in large markets. Overall, SNR won 357 licenses.

T-Mobile won a total of 157 licenses and its strategy seemed to be based on winning lots of 5x5 MHz blocks that it can eventually aggregate in markets where it has 15x15 MHz AWS-1 spectrum holdings to create 20x20 MHz channels. T-Mobile won the H Block in Houston, Miami, Cleveland and New Orleans; the G Block in Phoenix and Salt Lake City; the I Block in Indianapolis, Oklahoma City, Memphis, Tenn., and San Antonio and Austin, Texas; and many other paired spectrum blocks in numerous markets.

Each winning bidder must have on deposit with the FCC enough funds to cover the down payments on its winning bids by 6 p.m. Eastern Time on Feb. 13. By 6 p.m. on Feb. 13, winning bidders must submit both a properly-completed long-form application and make sure the FCC has on hand accurate ownership information for the bidding entity. Final payments are due by 6 p.m. ET on March 2.

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