

PROSPECTUS
 , 1995

Shares



Common Stock

All of the shares of Common Stock, par value \$0.01 (the "Common Stock"), offered hereby are being sold by the Company.

Prior to this offering, there has been no public market for the Common Stock. It is currently estimated that the initial public offering price will be between \$ and \$ per share. See "Underwriting" for information relating to the factors considered in determining the initial public offering price.

The Common Stock has been approved for quotation on the Nasdaq National Market under the symbol "OMPT", subject to official notice of issuance.

See "Risk Factors" beginning on page for information that should be considered by prospective investors.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to the Public	Underwriting Discounts and Commissions(1)	Proceeds to the Company(2)
Per Share.....	\$	\$	\$
Total(3)	\$	\$	\$

- (1) See "Underwriting" for indemnification arrangements with the Underwriters.
- (2) Before deducting expenses estimated at \$, which will be paid by the Company.
- (3) The Company has granted the Underwriters a 30-day option to purchase up to additional shares at the Price to the Public less Underwriting Discounts and Commissions, solely to cover over-allotments, if any. If such option is exercised in full, the total Price to the Public, Underwriting Discounts and Commissions, and Proceeds to the Company will be \$, \$ and \$, respectively. See "Underwriting."

The shares are being offered by the several Underwriters when, as and if delivered to and accepted by the Underwriters and subject to various prior conditions, including their right to reject orders in whole or in part. It is expected that delivery of share certificates will be made in New York, New York, on or about , 1995.

Donaldson, Lufkin & Jenrette
 Securities Corporation

Allen & Company
 Incorporated

Montgomery Securities

Salomon Brothers Inc

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

OMNIPOINT CORPORATION

[Photos]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NASDAQ NATIONAL MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

OMNIPOINT is a registered trademark of the Company.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and Financial Statements and the related Notes appearing elsewhere in this Prospectus. As used herein the terms "Company" and "OmniPoint", unless otherwise indicated, refers to OmniPoint Corporation and its subsidiaries. Certain terms used in this Prospectus are defined in the Glossary. Unless otherwise indicated, the information in this Prospectus gives effect to the conversion of the Convertible Preferred Stock (the "Preferred Stock") and accrued dividends into an aggregate of 4,218,591 shares of Common Stock immediately prior to the closing of this offering and assumes no exercise of the Underwriters' option to purchase up to additional shares to cover over-allotments, if any. See "Underwriting."

THE COMPANY

OmniPoint is a leader in commercializing Personal Communications Services ("PCS") both as a holder of a license for the New York MTA and as a developer of technology and equipment for PCS. The Company's proprietary technology is suitable for a variety of digital wireless applications including mobile network systems and Wireless Local Loop ("WLL"). OmniPoint's technology is being integrated with wireless Global System for Mobile Communications ("GSM") networks and local telephone switching platforms.

OmniPoint has spent several years developing and refining its core technology based on spread spectrum since the Company's incorporation in 1987. Prior to 1992, the Company developed several working prototypes embodying its technology for various wireless voice, data and digitized compressed video transmission projects. The Company's success in developing its technology for the first digital PCS system at 1.9 GHz during 1991 and 1992 was instrumental in the Federal Communications Commission ("FCC") awarding the Company a Pioneer's Preference in 1993. As a result of the Pioneer's Preference, the FCC issued to the Company a 30 MHz license to provide PCS services for the New York MTA (the "New York MTA License") in December 1994.

The New York MTA includes approximately 26.8 million POPs. The Company believes that existing cellular systems within the New York City metropolitan area provide inadequate capacity and service for current cellular users and that the anticipated growth in wireless subscribers will add to this problem. The Company intends to use a combination of OmniPoint technology and GSM to provide superior wireless services to customers in the New York MTA. The Company believes it will be the first to offer PCS services in the New York City area.

The Joint Technical Committee on Wireless Access has designated the Company's proprietary system (the "OmniPoint System") as IS-461. The OmniPoint System is one of four competing Common Air Interface ("CAI") standards that have been selected by PCS license holders to serve the mobile PCS market. The OmniPoint System is designed to provide enhanced voice quality, higher speed data rates, increased capacity and increased reliability relative to alternative wireless systems. Additionally, the OmniPoint System is designed to have lower infrastructure costs than traditional cellular and other PCS systems.

The OmniPoint System is also particularly well suited for fixed WLL applications. Initially, the Company's domestic WLL activities will focus on providing wireless Competitive Access Provider ("CAP") services in the New York MTA for small and medium sized business locations, a market which the Company believes alternative technologies cannot address as effectively. In addition, the Company will seek to exploit international markets, both (i) through sales of equipment to service providers for WLL applications as an alternative to expanding fixed wireline services in countries where telephone services have not been well developed and (ii) as an upgrade to GSM networks in the more than 70 countries where GSM has been deployed or selected for deployment.

The Company has established strategic relationships with Northern Telecom Inc. ("Northern Telecom"), JRC International, Inc. ("JRC") and Pacific Bell Mobile Systems, Inc. ("PacBell"). Northern Telecom and

Omniport are integrating the Omniport System with Northern Telecom's GSM digital switch, with the first integrated system to be deployed in the New York MTA. Omniport's equipment purchases for the buildout of the New York MTA network will be financed by Northern Telecom under a \$342 million vendor financing facility. Omniport and Northern Telecom are jointly marketing an integrated Omniport/GSM system throughout North America to prospective PCS license holders and to existing PCS license holders which deploy PCS 1900/GSM systems. The Company's arrangement with NRC provides for the two parties to cooperate to develop, manufacture and market PCS handsets employing the Omniport technology. PacBell and the Company have signed a non-binding memorandum of understanding to provide subscribers with roaming capabilities in the areas where the two companies have PCS licenses. The Company is in discussions with other equipment vendors and service providers regarding additional strategic relationships.

Omniport's strategy is to become a leading provider of services and products to the PCS industry by deploying and operating a PCS network in the New York MTA, providing wireless CAP services, expanding its PCS service area through participation in the Entrepreneurs' Band auction, establishing the Omniport System as a leading PCS standard and capitalizing on the opportunities in developing international markets for wireless applications.

The Company was incorporated in 1987 in the State of Delaware. The Company's principal executive offices are located at 2000 N. 14th Street, Suite 550, Arlington, Virginia. Its telephone number is (703) 522-7778.

THE OFFERING

Common Stock offered	shares
Common Stock to be outstanding after the offering	shares(1)
Use of proceeds	

The net proceeds to the Company from the offering are estimated to be approximately \$ million.

The net proceeds are expected to be used for:

- (i) the further development of the Omniport technology; (ii) interest payments on the New York MTA License; (iii) the Company's possible participation in the Entrepreneurs' Band auction; and
- (iv) general corporate purposes.

Proposed Nasdaq National Market symbol

OMPT

(1) Excludes 2,626,074 shares of Common Stock issuable upon exercise of warrants and stock options which were outstanding on October 15, 1995.

SUMMARY CONSOLIDATED FINANCIAL DATA

The information below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements included elsewhere in this Prospectus.

	Years Ended December 31,			Six Months Ended June 30,	
	1992	1993	1994	1994	1995
	(In thousands, except per share data)				
Statement of Operations Data:					
Revenues	\$ 3,399	\$ 1,618	\$ 3,000	\$ —	\$ —
Operating expenses:					
Research and development	3,700	4,593	7,018	2,677	5,177
Sales, general and administrative	2,475	2,974	6,289	2,288	4,414
Depreciation and amortization	101	245	1,069	209	5,380
Total operating expenses	<u>6,276</u>	<u>7,812</u>	<u>14,376</u>	<u>5,174</u>	<u>14,971</u>
Loss from operations	(2,877)	(6,194)	(11,376)	(5,174)	(14,971)
Net loss	(2,795)	(6,226)	(10,201)	(2,701)	(31,154)
Pro forma net loss per common share(1)					
Pro forma weighted average common shares outstanding(1)					

	As of June 30, 1995	
	Actual	As Adjusted(1)(2)
	(In thousands)	
Balance Sheet Data:		
Working capital	\$ 18,584	\$ —
Total assets	367,309	—
Redeemable convertible preferred stock	45,287	—
Total stockholders' equity (deficit)	(46,175)	—

- (1) Presented on a pro forma basis to give effect to the conversion at the closing of the offering of all outstanding shares of redeemable convertible preferred stock (the "Preferred Stock") into an aggregate of 4,136,382 shares of Common Stock. See Note 1 of the Notes to Consolidated Financial Statements.
- (2) Adjusted to give effect to the sale of _____ shares of Common Stock in the offering. See "Use of Proceeds" and "Capitalization."

RISK FACTORS

In addition to the other information in this Prospectus, the following risk factors should be considered carefully in evaluating an investment in the shares of Common Stock offered hereby.

Unaudited Operating History; Past and Current Losses; Uncertainty of Future Operating Results

The Company was founded in 1987 and has incurred cumulative net losses from inception through June 30, 1995 of approximately \$53.7 million and expects such losses to continue. These losses resulted primarily from expenditures associated with research and development of the Company's products and equipment and from expenditures associated with the Company's pursuit of the Pioneer's Preference license from the FCC. See "Business—Regulatory Environment—Pioneer's Preference Program." To date, the Company has had sales of its PCS equipment only for trials, and the Company does not expect to have significant PCS service or equipment revenue before 1997.

The Company believes that its future operating results over both the short and long term will be subject to annual and quarterly fluctuations due to several factors, some of which are outside the control of the Company. These factors include the cost of buildout of the New York MTA network (including any unanticipated costs associated therewith), fluctuating market demand for the Company's equipment and services, establishment of a market for PCS, pricing, competitive services, the timing of significant orders for its equipment, delays in the introduction of the Company's equipment, competitive equipment introductions, changes in the regulatory environment, the cost and availability of equipment components and general economic conditions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Emerging Market for PCS Services

The Company's success in the implementation and operation of the New York MTA network is subject to certain factors beyond the Company's control. These factors include, without limitation, changes in the general and local economic conditions, availability of equipment, changes in communications service rates charged by others, changes in the supply and demand for PCS and the commercial viability of PCS systems as a result of competition from wireless and wireless operators in the same geographic region, changes in the Federal and state regulatory schemes affecting the operation of PCS systems (including the enactment of new statutes and the promulgation of changes in the interpretation or enforcement of existing or new rules and regulations) and changes in technology that have the potential of rendering obsolete the Qualcomm GSM system planned for deployment. In addition, the extent of the potential demand for PCS in the New York MTA cannot be estimated with any degree of certainty. There can be no assurance that one or more of these factors will not have an adverse effect on the Company and its business.

Buildout of the New York MTA Network

The Company is currently in the engineering and design phase of the buildout of the New York MTA network. The buildout of the network is subject to successful completion of the network design, site and facility acquisitions, the purchase and installation of the network equipment, network testing and satisfactory accommodation of microwave users currently using the spectrum. Delays in any of these areas could have a material and adverse effect on the Company's ability to complete the buildout in a timely manner. The successful implementation of the network will depend to a significant degree upon the Company's ability to lease or acquire sites for the location of its base station equipment. The site selection process will require the continued successful negotiation of use agreements for or acquisitions of numerous sites, and may require the Company to obtain zoning variances or other governmental or local regulatory approvals, which are beyond the Company's control. Delays in the site selection process, as well as construction delays and other factors, could adversely affect the timing of the implementation of the Company's network.

Because the buildout of the network is currently in its design phase, the capital cost of completing the project could vary materially from the Company's current estimates. If adequate funds are not available from its existing capital resources, including the financing provided by Northern Telecom, the Company may be required to curtail its service operations or to obtain funds through arrangements with third parties which may require the Company to relinquish certain rights on less than favorable terms.

In addition, the implementation of the buildout plan is subject to the availability from suppliers of the infrastructure equipment and subscriber equipment the Company plans to use. No network meeting the requirements and standards and spectrum specifications for PCS in the U.S. has yet been deployed, although similar systems have been deployed in Europe and Asia. Accordingly, there are risks associated with the completion of development, timely manufacture and successful implementation of newly developed complex telecommunications equipment in the buildout of the network. The Company has entered into an agreement with Northern Telecom for infrastructure equipment and with JRC for subscriber equipment. The Company plans to enter into additional agreements for the supply of infrastructure and/or subscriber equipment. To the extent the Company does not enter into agreements with others it will be dependent on these suppliers for its equipment needs. See "Business—Service Business."

To secure a sufficient amount of unencumbered spectrum to operate its PCS system efficiently, the Company may need to negotiate with or relocate incumbent microwave operators. There can be no assurance that the Company will be successful in reaching timely agreements with the existing microwave licensees or that such agreements will be on terms favorable to the Company. Delay in the relocation of such licensees may adversely affect the Company's ability to commence timely commercial operations in the New York MTA. See "Business—Regulatory Environment—PCS Licensing."

The Omnipoint System

When the FCC first licensed cellular systems in the U.S., it mandated all technical aspects of system operation and protocol to ensure nationwide compatibility between all cellular carriers. In sharp contrast, the FCC has avoided mandating the technology protocols for PCS operators, leaving each licensee free to select among competing technologies that have sufficient technological differences to preclude their interoperability without dual mode operation. The Company has chosen its own technology in conjunction with GSM for deployment in the New York MTA in a manner which will allow roaming with other GSM-based networks. However, there are technological and market risks associated with the deployment of this integrated Omnipoint/GSM system.

The Company's IS-661 technology has not been implemented on a commercial scale in an operational PCS system. The successful implementation and operation of such a system will be a complex process requiring coordination of a number of factors, including the successful interface between infrastructure and subscriber equipment and the public wireless network. There can be no assurance that unforeseen complications will not arise in the scale-up and operation of commercial IS-661-based PCS systems that could materially delay or limit the commercial use of the IS-661 technology or render it unable to perform at the quality and capacity levels required for success.

A further risk associated with the selection of the integrated Omnipoint/GSM system is the ability of the Company to offer PCS roaming service to, and obtain PCS roaming service from, other markets. In order for the Company's subscribers to roam in other wireless markets (and vice-versa), at least one PCS licensee in the other market must utilize at least one of the digital protocols used in the Company's network, or the subscribers must use a dual mode phone that would permit the subscriber to use the existing cellular wireless system in the other market. Such dual mode phones are not expected to be available until 1997. The fact that the Company's early PCS subscribers will not be able to roam into regions not served by either Omnipoint or GSM systems, unless the subscribers use dual mode phones that would permit them to use the existing cellular wireless system, may adversely affect the Company's ability to establish a PCS customer base and to successfully compete in the PCS business with those PCS operators offering greater roaming capabilities. See "Business—Service Business."

Finally, to the extent that the rest of the PCS industry agrees in the future upon a universal competing technology that is not compatible with the Omnipoint/GSM system, the Company's business would be adversely affected and the Omnipoint System would only be useful for fixed wireless local loop applications or in markets deploying compatible technologies.

Competition

Service Business

PCS is a new technology and service and, as a result, the level and timing of development of a customer base for PCS applications, on which the Company's future revenues depend significantly, is uncertain. In development of the PCS market, the Company and other PCS licensees will be competing with the more established cellular industry, as well as other wireless communications technologies, existing and future, with similar applications. Many of the Company's PCS and cellular telephone competitors, including joint ventures involving the nation's largest regional and long distance telephone carriers, have substantially greater access to capital than the Company, substantially greater technical, marketing, sales and distribution resources than those of the Company and have significantly greater experience than the Company in providing wireless services.

The success of the Company's PCS service business in the New York MTA will depend upon its ability to compete with two cellular operators, one other existing PCS licensee and one or more winners of future PCS spectrum auctions and potential future wireless communications providers. The Bell Atlantic Corporation ("Bell Atlantic")/NYNEX Corporation ("NYNEX") consortium and AT&T Corp. ("AT&T")/McCaw Cellular Communications, Inc. ("McCaw") currently provide cellular services in the New York MSA and surrounding areas. Sprint Telecommunications Venture, the winner of the B-Block New York MTA license, is the other existing PCS licensee.

The Company also faces competition from other communications technologies such as conventional mobile telephone services, SMR and ESMR and paging services. ESMR is a "cellular-like" communications service supplied by converting analog SMR services into an integrated, digital transmission system providing for call hand-off, frequency reuse and wide call delivery networks. The FCC has licensed current SMR operators to construct ESMR systems on existing SMR frequencies in many major metropolitan areas in the U.S. See "Business—Service Business—Competition in the New York MTA." In the future, PCS will also compete more directly with traditional landline telephone service providers and with cable operators who expand into the offering of traditional communications services over their cable systems and may face competition from other technologies including mobile satellite systems.

Technology Business

Competition in the communications equipment industry is intense. The industry consists primarily of major domestic and international companies which have financial, technical, marketing, sales, manufacturing, distribution and other resources substantially greater than those of the Company.

In the cellular, PCS and WLL markets, the Company competes against analog and various digital technologies, the most prominent of which are TDMA-based systems and CDMA-based systems. In addition, a number of private and publicly held telecommunications companies, including Northern Telecom, are developing digital telecommunications systems and products using competing implementations of digital wireless technologies. There can be no assurance that the Company's competitors will not devote significantly greater financial, technical, marketing and other resources to aggressively market competitive communications systems or develop and adopt competitive digital cellular technologies, and that such efforts will not materially adversely affect the Company's results of operations in the future. See "Business—Technology Business—Competition."

Capital Needs; Uncertainty of Additional Funding

The Company expects to require substantial additional capital beyond the proceeds of the offering to continue the development, production, sales and marketing of Omnipoint System equipment. In addition, the

Company will require future capital for principal and interest payments for the New York MTA License. The amount of such required capital will depend on many factors, including the cost of the buildout of the network for the New York MTA and/or other areas for which licenses are acquired by the Company, the levels at which the Company maintains equipment inventory, the ability of the Company to obtain additional strategic partners for the manufacture and sale of Omnipoint System equipment, the market acceptance of Omnipoint System equipment, the resources required to launch sale of its equipment and attain a competitive position in the marketplace, the extent to which the Company invests in new technology and improvements to its existing RF technology and the response of competitors to Omnipoint System equipment and the Company's services. In addition to the funds provided by the offering, the Northern Telecom vendor financing, strategic partner arrangements, if any, and the Company's future cash flow from operations, the Company will need to raise additional funds through private or public financings. No assurance can be given that additional financing will be available or that, if available, such funding can be obtained on terms favorable to the Company. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Rapid Technological Change: Manufacturing of IS-661 Equipment

The wireless PCS product industry is embryonic and, as such, is experiencing very rapid technological change. To remain competitive, the Company's technology business must develop or gain access to new technologies in order to increase product performance and functionality, continue to reduce product size and increase cost-effectiveness. Given the emerging nature of the wireless PCS industry, there can be no assurance that the Company's products or technology will not be rendered obsolete by alternative technologies. The development of new wireless PCS products is highly complex and the Company could experience delays in developing and introducing its equipment.

Additional software and hardware development must be completed by the Company before its subscriber and infrastructure products will be available for commercial sale. The Company is investing substantial funds to complete these development efforts, including significant proceeds from this offering. There can be no assurance that the Company will be able to complete these development efforts within the time frames required to enable it to establish customers for its commercial equipment. In addition, the Company may spend substantially more on such software and hardware development than currently anticipated. The Company has limited manufacturing capability and has no experience in large scale manufacturing. The Company plans to subcontract and/or license to others the manufacturing of commercial volumes of its equipment. There can be no assurance that the Company will be able to manage the manufacture of commercial quantities of its products by subcontractors or licensees at commercially acceptable costs in a timely manner to meet industry requirements. Any delays or difficulties could have a material adverse effect on the Company's business and results of operations. If the Company is unable to provide IS-661 subscriber and infrastructure equipment at commercially acceptable costs, the Company's competitive position and ability to achieve a profitable return on its technology business could be materially impaired. See "Business—Technology Business."

Government Regulation

The licensing, construction, operation, sale and interconnection arrangements of wireless telecommunications systems are regulated to varying degrees by the FCC and, depending on the jurisdiction, also may be regulated by state regulatory agencies. As of the date hereof, the states in the New York MTA have not sought to regulate PCS. There can be no assurance that either the FCC or those state agencies having jurisdiction over the Company's business will not adopt regulations or take other actions that would adversely affect the business of the Company. In addition, FCC licenses to provide cellular and PCS services are subject to renewal and revocation. The New York MTA License will expire in December 2004. There may be competition for the license upon its expiration, and there can be no assurance that the Company's license will be renewed.

The Company's license to provide PCS service in the New York MTA is subject to three specific conditions. The first condition is that service be available to one-third of the population of the New York MTA within five

years of the date the license was awarded (the "Five-Year Buildout Requirement") and to two-thirds of such population within 10 years thereof; the second condition is that the license may not be assigned nor may control of the license be transferred until the earlier of three years after the date the license was awarded or the date when the Five-Year Buildout Requirement is satisfied; and the third condition is that the network deployed "substantially uses" the design and technology upon which the Pioneer's Preference award was based until the Five Year Buildout Requirement is satisfied. The Company believes that its network design and buildout plans and its financing plans will satisfy all of these conditions, however, the conditions have not been defined thoroughly. Thus, there is risk that subsequent FCC action or unanticipated delays or difficulties in deployment of parts of the Company's planned Omnipoint/GSM system may result in the Company not satisfying one or more such conditions or needing to expend resources in connection with FCC proceedings regarding such issues.

Under existing law, except in extraordinary circumstances, no more than 25% of Omnipoint's capital stock, and no more than 20% of the capital stock of the licensee, a subsidiary of the Company, may be owned, directly or indirectly, or voted by non-U.S. citizens or their representatives, by a foreign government or its representatives or by a foreign corporation, and none of the licensee's officers or directors may be non-U.S. citizens. If the foreign ownership of Omnipoint or of the licensee were to exceed 25% or 20%, respectively, the FCC could revoke the Company's license if the FCC found the public interest would be served by such revocation, although the Company could seek a waiver from the FCC of the foreign ownership restrictions or take other actions to reduce the Company's foreign ownership percentage in order to avoid the loss of its license. The restrictions on foreign ownership could also adversely affect the ability of the Company to attract additional equity financing from entities that are, or are owned by, non-U.S. persons. See "Business—Regulatory Environment."

Dependence Upon Key Employees; Recent Management Additions

The Company is highly dependent upon the technical and management skills of its key employees, including, in particular, Douglas G. Smith, Chairman and CEO, and George F. Schmitt, President of Omnipoint Communications Inc. ("OCI") and Executive Vice President of the Company. The Company does not have an employment agreement with Mr. Smith. The loss of the services of any key employee could adversely affect the Company's business and operating results. There can be no assurance that the Company will be successful in retaining its key employees or that it can attract or retain the additional skilled personnel as required. See "Management."

The Company's growth may cause a significant strain on its management, operational and financial resources. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems. The Company's success also depends on a large part on a limited number of key technical, marketing and sales employees and on the Company's ability to continue to attract and retain additional highly talented personnel. Competition for qualified personnel in the PCS equipment and service industries is intense. These demands would require the addition of new management personnel and the development of additional expertise by existing management. The failure of the Company's management team to effectively manage growth could have a materially adverse impact on the Company's results of operations. In this regard, Mr. Schmitt, Bradley E. Sparks, Chief Financial Officer of the Company, and Randall Meale, Chief Operating Officer of the Omnipoint Technology Division, joined the Company during the last 12 months. See "Management."

Uncertainty of Protection of Patents and Proprietary Rights

The Company's technology business relies on a combination of patents, trademarks and non-disclosure and development agreements in order to establish and protect its proprietary rights. The Company has filed and intends to continue to file applications as appropriate for patents covering its technology and products. There can be no assurance that additional patents will issue, or that the existing patents and such additional patents allowed

will be sufficiently broad to protect the Company's technology or that the confidentiality agreements and other methods on which the Company relies to protect its trade secrets and proprietary information will be adequate. In addition, there can be no assurance that any patents issued to the Company will not be challenged, invalidated or circumvented, or that the rights granted thereunder will provide proprietary protection to the Company. Litigation to defend and enforce the Company's intellectual property rights could result in substantial costs and diversion of resources and could have a materially adverse effect on the Company's business and results of operations regardless of the final outcome of such litigation. Despite the Company's efforts to safeguard and maintain its proprietary rights, there can be no assurance that the Company will be successful in doing so or that the Company's competitors will not independently develop or patent technologies that are substantially equivalent or superior to the Company's technologies.

If existing or future patents containing broad claims are upheld by the courts, the holders of such patents might be in a position to require companies to obtain licenses. There can be no assurance that licenses which might be required for the Company's products would be available on reasonable terms, if at all. To the extent that licenses are unavailable, or not available on acceptable terms, no assurance can be made that the failure to obtain a license would not adversely affect the Company. See "Business—Patents and Other Intellectual Property Rights."

No Prior Public Market; Possible Volatility of Stock Price

Prior to the offering, there has been no public market for the Common Stock. There can be no assurance that an active trading market will develop or that the purchasers of the Common Stock will be able to resell their Common Stock at prices equal to or greater than the initial public offering price. The initial public offering price of the Common Stock will be determined through negotiations between the Company and the Representatives of the Underwriters and may not reflect the market price of the Common Stock after the offering. See "Underwriting" for a discussion of factors considered in determining the initial public offering price. The trading price of the Company's Common Stock could be subject to wide fluctuations in response to quarterly variations in operating results, announcements of technological innovations or new products by the Company or its competitors, changes in financial estimates by securities analysts and other events or factors. In addition, the stock market has experienced volatility that has particularly affected the market prices of equity securities of many high technology companies and that often has been unrelated to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of the Company's Common Stock. See "Underwriting."

Dilution

Investors participating in the offering will incur immediate, substantial dilution. To the extent outstanding options and warrants to purchase the Company's Common Stock are exercised, there will be further dilution. See "Dilution."

Effect of Certain Charter Provisions

The Company's Board of Directors has the authority to issue up to 5,000,000 shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares

without any further vote or action by the stockholders. The rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any Preferred Stock that may be issued in the future. The issuance of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of the outstanding voting stock of the Company. The Company has no current plans to issue shares of Preferred Stock. Further, certain provisions of the Company's Certificate of Incorporation and Bylaws and of Delaware law could delay or make more difficult a merger, tender offer or proxy contest involving the Company. The Company is subject to the anti-takeover provisions of Section of 203 of the Delaware General Corporation Law. In general, the same prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. See "Description of Capital Stock—Preferred Stock" and "—Delaware Law and Certain Charter Provisions."

Shares Eligible for Future Sale

Sales of a substantial number of shares of Common Stock in the public market following the offering could adversely affect the market price for the Company's Common Stock and the Company's ability to raise capital. Upon completion of the offering, the Company will have outstanding shares of Common Stock, assuming no exercise of the Underwriters' over-allotment option and no exercise of outstanding options and warrants. In addition to the shares offered hereby, approximately shares will be available for immediate sale in the public market as of or shortly following the date of this Prospectus. Beginning 90 days after the date of this Prospectus, approximately additional shares will become eligible for sale in the public market, subject to the provisions of Rule 144 or Rule 701 under the Securities Act of 1933, as amended (the "1933 Act"). Beginning 180 days following the date of this Prospectus, unless sooner released from contractual "lock-up" agreements with the Underwriters, approximately additional shares will become available for sale in the public market pursuant to Rule 144 or Rule 701, subject in certain cases to volume and other resale limitations under Rule 144. See "Shares Eligible for Future Sale." The Company is unable to estimate the number of shares which may be sold under Rule 144 or Rule 701 or pursuant to registration rights since this will depend upon the market price of the Common Stock of the Company, the individual circumstances of the sellers and other factors.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the shares of Common Stock offered hereby are estimated to be \$ after deducting estimated underwriting discounts and commissions and estimated offering expenses (\$ if the Underwriters' over-allotment option is exercised in full). The net proceeds from the offering are expected to be used for: (i) the further development of the Omniplex technology; (ii) interest payments on the New York MTA License; (iii) the Company's possible participation in the Entrepreneurs' Band section; and (iv) general corporate purposes. Pending such uses, the net proceeds of this offering will be invested in investment grade, interest-bearing securities.

DIVIDEND POLICY

The Company has never paid or declared any cash dividends on its Common Stock and does not expect to pay cash dividends in the foreseeable future.

DILUTION

The pro forma net tangible book value of the Company as of June 30, 1995, was \$ _____, or \$ _____ per share of Common Stock. Pro forma net tangible book value per share is equal to the Company's total tangible assets less total liabilities, divided by the total number of shares of Common Stock outstanding, adjusted to give effect to the conversion of the Preferred Stock. After giving effect to the sale of the _____ shares of Common Stock of the Company offered hereby as an assumed initial public offering price of \$ _____ per share, and after deducting the estimated underwriting discount and offering expenses, the pro forma net tangible book value of the Company as of June 30, 1995 would have been \$ _____, or \$ _____ per share. This represents an immediate increase in pro forma net tangible book value of \$ _____ per share to existing stockholders and an immediate dilution of \$ _____ per share to new investors purchasing shares in this offering. The following table illustrates this per share dilution.

Assumed initial public offering price per share	\$	
Pro forma net tangible per share value as of June 30, 1995	\$	(1)
Increase per share attributable to purchasers of Common Stock in the offering	\$	_____
Pro forma net tangible per share book value after the offering	\$	_____
Dilution per share to purchasers of Common Stock in the offering	\$	_____

(1) Reflects the conversion of the Preferred Stock into shares of Common Stock upon the closing of the offering. The net tangible book value as of June 30, 1995 without giving effect to the conversion of the Preferred Stock was \$ _____ or \$ _____ per share assuming an initial public offering price of \$ _____ per share. The increase per share attributable to the conversion of the Preferred Stock is \$ _____ per share.

The following table summarizes, on a pro forma basis as of June 30, 1995, the number of shares of Common Stock purchased from the Company, the total consideration paid and the average price paid per share by current stockholders, and by new investors:

	<u>Shares Purchased</u>		<u>Total Consideration</u>		<u>Average Price Per Share</u>
	Number	Percent	Amount (in thousands)	Percent	
Current stockholders	_____	%	\$ _____	%	\$ _____
New investors	_____	%	\$ _____	%	\$ _____
Total	_____	100.0%	\$ _____	100.0%	\$ _____

As of June 30, 1995, there were options and warrants outstanding to purchase a total of 2,990,388 shares of Common Stock at a weighted average exercise price of \$3.23 per share. To the extent outstanding options and warrants are exercised, there will be further dilution to new investors. See "Management—Stock Option Plan," "Certain Relationships and Related Transactions—Related Party Transactions," "Description of Capital Stock—Warrants" and Note 10 of Notes to Consolidated Financial Statements.

CAPITALIZATION

The following table sets forth the actual and pro forma capitalization of the Company as of June 30, 1995, and as adjusted to reflect the sale of _____ shares of Common Stock in the offering. This table should be read in conjunction with the Consolidated Financial Statements and related notes appearing elsewhere in this Prospectus.

	As of June 30, 1995	
	Actual	As Adjusted(1)
	(In thousands)	
New York MTA License obligation and related accrued interest	\$ 364,689	\$ 364,689
Redeemable convertible preferred stock, \$.01 per value, 5,750,000 shares authorized, 4,136,382 shares issued and outstanding, no shares issued and outstanding pro forma and as adjusted	45,287	—
Stockholders' equity (deficit):		
Preferred stock, \$.01 per value, 5,000,000 shares authorized, no shares issued and outstanding	—	
Common stock, \$.01 per value, 20,000,000 shares authorized, 9,808,947 shares issued and outstanding, 13,968,431 shares issued and outstanding pro forma and as adjusted (2)	98	
Additional paid-in capital	7,865	
Notes receivable	(333)	(333)
Unearned compensation	(52)	(52)
Accumulated deficit	(53,753)	—
Total stockholders' equity (deficit)	(46,175)	—
Total capitalization	\$ 363,801	\$ —

- (1) Gives effect to the conversion of all outstanding shares of Preferred Stock into 4,136,382 shares of Common Stock.
- (2) Excludes 2,090,388 shares of Common Stock reserved for issuance upon exercise of outstanding options and warrants, of which options and warrants to purchase 1,842,213 shares were exercisable as of June 30, 1995.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Prospectus. The selected consolidated financial data presented below for the years ended December 31, 1990, 1991, 1992, 1993 and 1994 have been derived from the Company's consolidated financial statements which have been audited by Coopers & Lybrand L.L.P., independent accountants, whose reports of December 31, 1993 and 1994 and for each of the three years in the period ended December 31, 1994 also is included herein. The selected consolidated financial data for the six months ended June 30, 1994 and 1995 have been derived from the unaudited consolidated financial statements of the Company, which in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the information set forth therein. The results for the six months ended June 30, 1994 and 1995 are not necessarily indicative of the results that may be expected for the full year or for any future period.

	Years Ended December 31,					Six Months Ended	
	1990	1991	1992	1993	1994	June 30,	1995
	(In thousands, except per share data)						
Statements of Operations Data							
Revenues	\$ 979	\$ 2,075	\$ 3,399	\$ 1,618	\$ 3,000	\$ --	\$ --
Operating expenses:							
Research and development	802	1,026	3,780	4,993	7,018	2,677	5,177
Sales, general and administrative	915	2,054	2,475	2,974	6,289	2,288	4,414
Depreciation and amortization	16	38	101	245	1,099	299	5,380
Total operating expenses	1,833	3,918	6,356	7,812	14,376	5,174	14,971
Loss from operations	(854)	(1,843)	(2,957)	(6,194)	(11,378)	(5,174)	(14,571)
Interest income (expense), net	10	61	12	—	(1,156)	142	(16,865)
Miscellaneous income	—	—	—	—	—	45	—
Gain on sale of subsidiary stock	—	—	—	—	—	2,266	—
Net loss	(844)	(1,782)	(2,945)	(6,226)	(12,531)	(2,761)	(14,544)
Pro forma net loss per common share(1)							
	\$	\$	\$	\$	\$	\$	\$
Pro forma weighted average common shares							

	As of December 31,					As of June 30, 1995	
	1990	1991	1992	1993	1994	Actual	Adjusted(1)(2)
	(In thousands)						
Balance Sheet Data:							
Working capital	\$ 635	\$ 4,139	\$ 1,340	\$ 9,055	\$ 3,085	\$ 18,284	\$ --
Total assets	1,047	4,991	2,540	14,465	395,508	367,509	
Notes payable, current	—	—	—	3,150	—	—	
Redeemable convertible preferred stock	—	1,500	1,500	14,500	16,500	45,287	
Total stockholders' equity (deficit)	579	2,992	801	(4,629)	(12,457)	(44,179)	

(1) Presented on a pro forma basis to give effect to the conversion at the closing of this offering of all outstanding shares of Preferred Stock into an aggregate of 4,136,382 shares of Common Stock. See Note 1 of Notes to Consolidated Financial Statements.

(2) Adjusted to give effect to the sale of _____ shares of Common Stock in the offering. See "Use of Proceeds" and "Capitalization."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Company was incorporated in Delaware in June 1987 to design, develop, manufacture and market wireless digital communications products. Since 1992, the principal focus of the Company has been the development of its PCS business.

The Company has generated limited revenues primarily from license fees, research and development services and prototype equipment sales related to its proprietary technology. As the principal focus of the Company has been the development of its PCS business, there has been minimal contract and license fee activity. The Company expects to continue this focus and anticipates that revenues in 1995 will be minimal. The Company believes that period-to-period revenue comparisons are not necessarily meaningful as an indication of future performance. In the future, the Company expects to derive additional revenues from the sale of its equipment and the provision of PCS service in the New York MTA.

Results of Operations

Six Months ended June 30, 1995 compared with Six Months ended June 30, 1994

Research and development expenses increased by 92.6%, or approximately \$2.5 million, to \$5.2 million for the six months ended June 30, 1995 compared to \$2.7 million for the six months ended June 30, 1994. The increase was due to an increase in the purchase of research and development components and an increase in payroll and related costs associated with the Company's continued growth. The Company expects that research and development expenses will continue to increase significantly during the remainder of 1995 as compared to 1994.

Sales, general and administrative expenses increased by 91.3%, or approximately \$2.1 million, to \$4.4 million for the six months ended June 30, 1995 compared to \$2.3 million for the six months ended June 30, 1994. Of this increase, \$621,000 was due to increases in management headcount resulting from the expansion of the Company's operations. The remaining increase includes an increase of \$315,000 in legal fees related to patents, an increase of \$122,000 in rent expense, an increase of \$267,000 in consulting services and an increase of \$230,000 resulting from increased participation in underwriters and other marketing events. The Company expects that such expenses will continue to increase significantly during 1995, as the Company continues to expand its operations.

Depreciation and amortization increased approximately \$5.2 million to \$5.4 million for the six months ended June 30, 1995 compared to \$309,000 for the six months ended June 30, 1994. The increase in the 1995 period was due to six months of the amortization of the New York MTA License fees which is being amortized using the straight-line method over a period of 40 years.

Interest income (expense), net, increased to \$(16.2) million for the six months ended June 30, 1995 compared to \$142,000 for the six months ended June 30, 1994. The interest income, net, at June 30, 1995 included \$15.7 million of interest expense related to the New York MTA License. While the FCC has not implemented the terms for principal and interest payments on the New York MTA License issued, the Company has accrued interest at the prime rate from the date such license was awarded in December 1994.

Net loss increased approximately \$28.5 million to \$31.2 million for the six months ended June 30, 1995 compared to \$2.7 million for the six months ended June 30, 1994. This increase was primarily due to \$15.7 million of interest expense and \$4.3 million of amortization associated with the New York MTA License.

Year ended December 31, 1994 compared to Year ended December 31, 1993

Revenues increased by 87.5%, or approximately \$1.4 million, to \$3.0 million in 1994 from \$1.6 million in 1993. One customer accounted for 100% of the Company's revenues in 1994, which represented a nonrefundable license fee received upon entering into an OEM agreement. Three customers accounted for 90.2% of the revenues in 1993. The 1993 revenues were derived from contracts related to research and development, equipment sales and related services in the field of wireless digital communications.

Research and development expenses increased by 52.2%, or approximately \$2.4 million, to \$7.0 million in 1994 from \$4.6 million in 1993. These expenses consisted primarily of payroll and related costs of employees engaged in ongoing research, design and development activities and the Company's continued growth and developing and testing of prototypes. The increases in 1994 were due to increases in payroll and related costs, specifically in the digital and software engineering departments, and the purchase of research and development components. The Company expects that research and development expenses will continue to increase significantly during 1995 as compared to 1994, as the Company incurs significant research and development expenditures to launch products.

Sales, general and administrative expenses increased by 110.0%, or approximately \$3.3 million, to \$6.3 million in 1994 from \$3.0 million in 1993. These expenses consisted primarily of salaries and related costs for management, finance and accounting, legal and other professional services. The increase in 1994 is due to an increase of \$800,000 in legal costs, primarily in connection with the New York MTA License, an increase of \$480,000 in office related expenses including utilities, office supplies, postage and rent, an increase of \$822,000 in payroll and related costs and an increase of \$276,000 in sales and marketing costs due to increases in headcount combined with higher involvement and attendance at trade shows.

Depreciation and amortization increased by 335.9%, or approximately \$824,000, to \$1.1 million in 1994 from \$245,000 in 1993. The increase in 1994 was due primarily to amortization of the New York MTA License of \$428,000.

Interest income (expense), net includes \$1.5 million of interest expense in 1994 related to the New York MTA License, which was partially offset by interest income of \$360,000.

Net loss increased by 64.5%, or approximately \$4.0 million, to \$10.2 million in 1994 from \$6.2 million in 1993. The increase in net loss in 1994 was principally due to the \$1.5 million of interest expense associated with the New York MTA License and \$428,000 of amortization of the New York MTA License. The net loss was partially offset by \$2.3 million of gain on the sale of stock of its subsidiary during 1994.

Year ended December 31, 1993 compared to Year ended December 31, 1992

Revenues decreased by 52.9%, or approximately \$1.8 million, to \$1.6 million in 1993 from \$3.4 million in 1992. Three customers accounted for 90.2% of the revenues in 1993. One customer accounted for 63.3% of the Company's revenues in 1992, with no other customers accounting for 10% or more of the revenues. The 1992 revenues were derived from contracts related to research and development, equipment sales and related services in the field of wireless digital communications.

Research and development expenses increased by 24.3%, or approximately \$900,000, to \$4.6 million in 1993 from \$3.7 million in 1992. These expenses consisted primarily of payroll and related costs of employees engaged in ongoing research, design and development activities and the Company's continued growth and developing and testing of prototypes. The increase in 1993 was due to increases in payroll and related costs, specifically in the digital and software engineering departments.

Sales, general and administrative expenses increased by 20.0%, or approximately \$500,000, to \$3.0 million in 1993 from \$2.5 million in 1992. These expenses consisted primarily of salaries and related costs for management, finance and accounting, legal and other professional services. The increase in 1993 was due to increases in legal fees, consulting and personnel costs.

Depreciation and amortization increased by 142.5%, or approximately \$144,000, to \$245,000 in 1993 from \$101,000 in 1992. The increase in 1993 was due to depreciation on higher levels of equipment.

Net loss increased by 121.4%, or approximately \$3.4 million, to \$6.2 million in 1993 from \$2.8 million in 1992.

Liquidity and Capital Resources

Since its formation, the Company has financed its operations and met its capital requirements primarily through three preferred stock offerings, as well as borrowings under a bridge loan, sale of stock in its subsidiary, vendor financing and to a lesser extent, equipment lease arrangements. Financing activities consisted primarily of the sale of preferred stock and the issuance of debt which provided net cash of \$4.7 million in 1991, \$17.4 million in 1993, \$3.1 million in 1994 and \$26.0 million for the six months ended June 30, 1995.

Operating activities used net cash of \$2.5 million in 1992, \$5.0 million in 1993, \$7.9 million in 1994 and \$9.7 million for the six months ended June 30, 1995. These increases resulted from the Company's increased activity and corresponding growth to support product development and to commence the buildout of the New York MTA network. Investing activities used net cash of \$318,800 in 1992, \$480,000 in 1993, \$2.5 million in 1994, and \$620,000 for the six months ended June 30, 1995, consisting of capital expenditures for office equipment, computers and related equipment used in engineering and manufacturing.

As of June 30, 1995, the Company had working capital of approximately \$18.6 million, including cash and cash equivalents of \$21.2 million.

In 1993, the Company was awarded a final Pioneer's Preference for a license that required no payment from the Company. Subsequent legislation mandated a methodology for charging for the license. In accordance with terms defined in that legislation, the Company is obligated to pay a license fee to the FCC for the New York MTA License awarded in December 1994. The total obligation is \$347.5 million. While the FCC has not implemented the terms for principal and interest payments on the license fee, the legislation generally allows for installment payments over the first five years of the license, with interest only for at least the first two years (and possibly all five years). Payments of principal and interest do not begin until after the license and Pioneer's Preference terms are no longer subject to judicial review. It is anticipated that interest payments may commence in 1996. The FCC has not yet determined the interest rate to be charged, the timing and nature of the installment payments and related issues. The Company has accrued interest on the license obligation at the prime rate since the license issuance date. The Company, however, believes that such accounting treatment is conservative and that the ultimate outcome on these issues may be financially more favorable.

During 1994, the Company entered into an agreement to purchase \$1000 million of equipment and services over the next five years with Northern Telecom. During 1995, the Company entered into a \$382.5 million credit facility with Northern Telecom (the "NT Credit Facility") to finance future purchases and installations of telecommunications equipment, engineering services, certain related construction costs, third-party equipment and other expenses. The Company also has an O&M agreement to sell certain equipment, hardware and software to Northern Telecom at its normal selling prices, which will result in licensing fees and revenues.

The NT Credit Facility generally matures on December 31, 2004. The NT Credit Facility is secured by a pledge of all capital stock of OCI owned by the Company (which constitutes a 95.48% ownership interest), and all of OCI's accounts, accounts receivable, equipment, general intangibles, patents and trademarks.

Under the terms of the NT Credit Facility, OCI is subject to certain financial and operational covenants. Additionally, the NT Credit Facility provides that, among other events, the failure of OCI to pay when due amounts owing the FCC shall constitute an event of default. As of September 30, 1995, OCI had a balance (principal and accrued interest) of approximately \$9.1 million outstanding under this facility.

The Company's future capital requirements will depend upon many factors, including the development of new products, the extent and timing of acceptance of the Company's equipment in the market, requirements to maintain adequate manufacturing facilities, the progress of the Company's research and development efforts, expansion of the Company's marketing and sales efforts, the Company's results of operations and the status of competitive products. The Company believes that cash and cash equivalents on hand, the net proceeds of this offering, anticipated revenues, vendor financing and additional strategic partnerships will be adequate to fund its operations for the next 12 months. There can be no assurance, however, that the Company will not require additional financing prior to such date to fund its operations.

BUSINESS

Overview

OmniPoint is a leader in commercializing PCS both as a holder of a license for the New York MTA and as a developer of technology and equipment for PCS. The Company's proprietary technology is suitable for a variety of digital wireless applications including mobile network systems and Wireless Local Loop ("WLL"). OmniPoint's technology is being integrated with wireless Global System for Mobile Communications ("GSM") networks and local telephone switching platforms.

OmniPoint has spent several years developing and refining its core technology based on spread spectrum since the Company's incorporation in 1987. Prior to 1992, the Company developed several working prototypes embodying its technology for various wireless voice, data and digitized video transmission projects. The Company's success in developing its technology for the first digital PCS system at 1.9 GHz during 1991 and 1992 was instrumental in the FCC awarding the Company a Pioneer's Preference. As a result the FCC issued to the Company a 30 MHz license to provide PCS services for the New York MTA in December 1994.

The New York MTA service area includes 26.8 million POPs. The Company believes that existing cellular systems within the New York City metropolitan area provide inadequate capacity and services for central cellular users and that the anticipated growth in wireless subscribers will add to this problem. The Company intends to utilize a combination of OmniPoint technology and GSM to provide superior wireless services to customers in the New York MTA. The Company believes that it will be the first to offer PCS services in the New York City area.

The Joint Technical Committee on Wireless Access has designated the Company's proprietary system (the "OmniPoint System") as IS-661. The OmniPoint System is one of four competing Common Air Interface ("CAI") standards that have been selected by PCS license holders to serve the mobile PCS market. The OmniPoint System is designed to provide enhanced voice quality, higher speed data rates, increased capacity and increased reliability relative to alternative wireless systems. Additionally, the OmniPoint System is designed to have lower infrastructure costs than traditional cellular and other PCS systems.

The OmniPoint System is also particularly well suited for fixed WLL applications. Initially, the Company's domestic WLL activities will focus on providing wireless Competitive Access Provider ("CAP") services in the New York MTA for small and medium sized business locations, a market which the Company believes alternative technologies cannot address as effectively. In addition, the Company will seek to exploit international markets both (i) through sales of equipment to service providers for WLL applications as an alternative to expanding fixed wireless services in countries where telephone services have not been well developed and (ii) as an upgrade to GSM networks in the 70 countries where GSM has been deployed or selected for deployment.

The Company has established strategic relationships with Northern Telecom, RRC and Pacific Bell Mobile Systems, Inc. ("PacBell"), Northern Telecom and OmniPoint are integrating the OmniPoint System with Northern Telecom's GSM digital switch, with the first integrated system to be deployed in the New York MTA. OmniPoint's equipment purchases for building out the New York MTA will be financed by Northern Telecom under a \$382 million vendor financing facility. The Company and RRC are cooperating to develop, manufacture and market PCS handsets employing the OmniPoint technology. PacBell and the Company have signed a memorandum of understanding to provide subscribers with roaming capabilities in the areas where the two companies have PCS licenses. The Company is in discussions with other equipment vendors and service providers regarding additional strategic relationships.

Strategy

Omnipoint's strategy is to become a leading provider of services and products to the PCS industry by deploying and operating a PCS network in the New York MTA, providing wireless CAP services, expanding its PCS service area through participation in the Entrepreneurs' Band auction, establishing the Omnipoint System as a leading PCS standard and capitalizing on the opportunities in developing international markets for wireless applications.

Service to the New York MTA. The Company intends to build and operate a PCS network in the New York MTA initially focusing service in the New York City metropolitan area and its major commuting corridors and then expanding service throughout the MTA. The Company intends to deploy a pilot system in Manhattan using the Omnipoint System in early 1996. The Company plans to build its network integrated with a GSM system in order to provide mobile and fixed telephone services, to provide roaming capability with other GSM based networks and to facilitate being first to market. The Company will concentrate its marketing efforts on cellular users who have experienced inadequate service and on the expanding market of new users.

Wireless CAP Services. Omnipoint plans to introduce a wireless CAP service to small and medium sized business locations allowing customers to bypass the local telephone exchange to complete calls with wireless quality at significant discounts to prices such customers currently pay. The Company's wireless CAP service will operate through radio units installed by the Company on customers' premises which will communicate wirelessly with the Company's base stations. The Company plans to initially target businesses in locations where alternative bypass facilities are not as economical.

Expanded PCS Service Areas. The Company plans to pursue licenses in the Entrepreneurs' Band auction and is eligible for the discount and delayed payment terms available under the auction rules. The Company intends to deploy the Omnipoint System in key areas where it obtains such licenses in conjunction with either wireless GSM or telephone company central office switching platforms.

Leading PCS Standard. The Company intends to establish the Omnipoint System as a leading PCS standard through sales to other PCS service providers. The Company has an agreement with Northern Telecom for the two companies to market an integrated Omnipoint/GSM system throughout North America to prospective license holders and to existing PCS license holders who deploy PCS 1900 systems. The Company intends to enter similar arrangements with other manufacturers.

International Markets. The Company is also developing international markets for its equipment for WLL telephone service, for mobile networks and as an enhancement to GSM, which has been deployed or chosen for deployment in over 70 countries. Many developing countries have a very limited wireless telephone infrastructure, and the cost and time required to expand or upgrade a traditional telephone infrastructure is often prohibitive. The Company will offer the Omnipoint System in such countries on a cost-efficient, easily deployable basis to provide basic telephone service wirelessly. The Company is also marketing the Omnipoint System for mobile wireless networks and intends to sell its CAI access equipment to upgrade GSM networks in order to offer greater flexibility and higher speeds for data users and increase capacity in urban areas.

Industry Background

Since 1983, the demand for wireless telecommunications services has grown dramatically as cellular, paging and other emerging wireless personal communications services have become widely available and increasingly affordable. This growth in wireless services has been driven by technological advances and changes in both telecommunications regulations and consumer preferences.

Mobile cellular telephone service has been one of the fastest growing market segments within the telecommunications industry. According to the CTIA, the number of cellular users in the U.S. grew from 340,000 at the beginning of 1985 to over 30 million in September 1995. Industry publications estimate that there are now approximately 60 million cellular users worldwide. The number of cellular telephone subscribers has grown at a compound annual rate of 46.7% over the last three years. Most industry analysts forecast that U.S. penetration rates for mobile wireless services will reach between 40% and 50% of the population by 2005.

Although analog cellular is the most widely deployed wireless service available today, it has several limitations, including inconsistent service quality, lack of privacy, limited capacity and, currently, the inability to transfer data without a modem. Most current cellular services transmit voice and data signals over analog-based systems, which use one continuous electronic signal that varies in amplitude or frequency over a single radio channel. Digital systems, on the other hand, convert voice or data signals into a stream of digits and typically use voice compression and other techniques to allow a single radio channel to carry multiple simultaneous signal transmissions. Digital technologies are expected to offer improved system flexibility, efficiency and increased capacity.

PCS, thought of as a second generation comprehensive wireless communications system, is slated to be introduced in the U.S. in 1996 and 1997 at 1.9 GHz, offering initial service generally comparable to or exceeding existing digital cellular services. As PCS becomes more widely available, it is expected that PCS will provide enhanced services including high speed data transmission and extensive network intelligence, allowing a user to possess a single handset and telephone number that can be used in commercial, office, mobile and home environments. PCS providers will be the first mass market, direct wireless competitors to cellular providers and the first to offer mass market all-digital mobile networks. In addition, PCS providers will be the first to be able to offer mass market WLL applications, in competition with switched and direct access local telecommunications services.

In order to advance the development of, and promote competition in, wireless telecommunications, the FCC began a Notice of Inquiry regarding PCS in 1990. In April 1991, the FCC announced that it would provide preferential awards of licenses, or Pioneer's Preferences, to innovators of wireless technology and services. In June 1994, the FCC finalized the allocations of the 1.85 to 1.99 GHz bands for broadband PCS. In December 1994, the FCC began auctioning radio spectrum for PCS and issued Pioneer's Preference PCS licenses to three companies, including the Company, in recognition of their innovative PCS efforts. See "—Regulatory Environment."

Service Business

Overview

The Company's service business will provide mobile and fixed communications service in the New York MTA and in other markets in which the Company may acquire licenses. The wireless service is intended to provide private, secure, enhanced voice, high-speed data, and digitized compressed video and imaging capabilities for both the office environment and outdoor mobile coverage. The Company plans to provide a service with enhanced features including voice mail, call forwarding and call waiting. The Company plans to deploy a pilot system comprised of a limited number of Omnipoint base stations in early 1996 and build its network integrated with a GSM system. Additionally, the Company intends to introduce the first wireless CAP service in New York.

Since securing the Pioneer's Preference award, the Company has been actively designing and planning its network system to be built in the New York MTA. During the next 12 to 24 months, the Company plans to install equipment, establish marketing and distribution channels and commence commercial service. During this period, the Company plans to continue its network design, acquire sites, negotiate with incumbent microwave users and expand its coverage area. The Company plans to begin to provide limited commercial service in the New York City area beginning in late 1996.

The Company's buildout schedule may be revised from time to time as a result of changing circumstances. The Company's ability to proceed with the build out of its network for the New York City area and the rest of the New York MTA is subject to continued successful completion of site acquisitions or leases, the availability of equipment and financing and the receipt of necessary local governmental approvals.

One of the Company's objectives is to reduce the risk of cell site related delays during the buildout of the New York MTA network. The Company is locating sites for its base stations and antennas where zoning

approvals and other necessary permits are not needed or are likely to be obtained more easily than for traditional cellular equipment. Where high antenna sites are required, the Company intends to facilitate the buildout through the use of existing towers and structures occupied by telecommunications service providers, utility companies and others. The Company has entered into two use agreements covering more than 2,000 locations in the New York MTA, approximately 1,000 of which are within the Company's initial deployment area. The Company is in negotiation with several other parties regarding other such agreements. If all these negotiations are completed, management estimates that the Company will have secured over 80% of the sites needed for the Company's deployment plans through 1997.

Marketing Strategy

The Company's marketing objective is to create demand for PCS voice and data service and attract subscribers in the New York MTA by providing superior service and reliability and by offering attractive prices. Omnipoint intends to generate demand by introducing a better alternative to cellular service. The Company intends to concentrate its PCS marketing efforts on the following key customer segments: (i) large, communications-intensive corporate accounts, currently using or considering cellular or private radio systems, that would value the improved quality and security and would benefit from the Company's enhanced products and services; (ii) high-mobility customers using or considering cellular telephones who would benefit from fewer dropped or blocked calls; and (iii) low-mobility customers attracted to PCS as a more convenient alternative to their landline telephones, particularly those who have multiple telephone lines to their home or business and who have a need for high speed data transmission.

In marketing its service, the Company intends to offer competitively priced service that emphasizes voice clarity, reliability and a low probability of blocked calls. The Company intends to include certain enhanced features as part of its product offerings. The Company also will promote the improved call security which should encourage users to make confidential professional and personal calls that they might otherwise make only on landline telephones. In addition, the convenience of a single telephone number available to the customer throughout the Omnipoint service area and the use of menu-driven subscriber functions should enhance the convenience and usage of the Company's PCS network.

The Company is pursuing multiple distribution channels through which to market its services including a direct sales force, retail stores and a network of agents. In addition to these traditional distribution channels, the Company will continuously evaluate other, less traditional methods of distributing the Company's services such as telemarketing and direct mail.

The New York MTA Wireless Market

The New York MTA is an extremely attractive wireless market due to its size, density and demographics. New York is the largest MTA in the U.S. with a population of nearly 26.8 million people, approximately 10.5% of the nation's population. Nearly 40% of the households in the New York MTA have annual incomes of over \$50,000. In addition, the New York MTA is the country's largest telecommunications market and has a disproportionately high share of all voice and data traffic relative to its population, particularly with respect to international calls placed to or from the U.S.

The two cellular systems operating in the New York area are capacity constrained over the most densely populated traffic areas during peak hours. Management believes, based on direct testing as well as information from a number of sources, that a significant number of the call attempts during peak hours in certain areas of Manhattan fail to gain access to the cellular networks due to capacity constraints in the networks. In addition, a large percentage of calls that initially connect are dropped because of hand-off failures between base stations due to the same capacity issues. The Company believes that inherent capacity limits of existing cellular architectures may allow new PCS entrants in New York to attract a large share of high-end wireless users. Moreover, due to significant churn rates of the existing cellular subscriber base, the market shares of the new PCS competitors are likely to rise significantly over time.

Competition in the New York MTA

The success of Omnipoint's PCS service business in the New York MTA will depend upon its ability to compete with two cellular operators, at least one other PCS operator and potential future wireless communications providers. The Bell Atlantic/NYNEX consortium and AT&T/McCaw currently provide cellular services in the New York MSA and surrounding areas. The Company will also face competition from Sprint Telecommunications Venture, the winner of the B Block New York MTA license. Each of the four existing operators (including the Company) will be eligible to own one of the three 10 MHz licenses still to be auctioned. The upcoming Entrepreneurs' Band auction is intended to introduce a fifth competitor. The Company believes that ESMR, originally considered a PCS competitor, will have a limited competitive impact because technical limitations have caused the ESMR operators to only target vertical market services such as dispatch services.

Wireless Competitive Access Provider Service

Omnipoint plans to introduce a wireless CAP service to small to medium sized business locations allowing customers to bypass the local telephone exchange to complete certain calls at significant discounts to prices such customers currently pay. The wireless CAP service will operate through radio units installed by the Company on customers' premises which will communicate wirelessly with the Company's base stations. The Company plans to initially target such business locations for which alternative bypass facilities are not as economical.

Historically, regulations have prohibited switched local exchange competition to the regulated telephone monopolies. In the past 12 months, many states, including New York and Connecticut, have begun permitting local loop competition by operators other than the local exchange carrier. Other states, such as New Jersey, have, on petition, initiated proceedings to do the same.

Previously, local telephone companies generally charged wireless carriers for calls initiated on the wireless network and terminated on the local telephone company's network, while wireless carriers could not charge local telephone companies for calls initiated on the local telephone company's network and transported to and terminated on the wireless network. As a result of recent court settlements and announcements made by NYNEX, Omnipoint believes it can now obtain co-carrier status to provide wireless telephone service at least within the NYNEX service area. Providers with co-carrier status do not pay access charges to the local telephone company as long as the telecommunications traffic between the co-carrier's customers and the local telephone company is roughly equivalent with respect to the direction of the traffic. Co-carrier status would put Omnipoint's wireless CAP service on the same cost basis as the local telephone companies with respect to calls that are originated and terminated with the customer.

Expanding Service Opportunities

The Company is qualified and intends to participate as a small business "entrepreneur" in the upcoming Entrepreneurs' Band auction to purchase BTA licenses in other markets across the country, subject to final FCC regulations. The Company views the Entrepreneurs' Band licenses as an opportunity to expand its PCS services to an even larger geographic scale. The Company intends to employ in any such license areas a service strategy similar to that for the New York MTA.

The Entrepreneurs' Band includes the C and F Block of licenses, set aside by the FCC for ownership by smaller businesses for at least five years. The FCC has also established certain financial benefits for such bidders, including extra bidding credits, a down payment on the winning bid of only 10% and a 10-year installment plan for the payment of the balance of the license cost, with interest only for the first six years.

The Entrepreneurs' Band auction for the C Block licenses is scheduled to begin on December 11, 1995. Short form applications for participation in that auction are due November 6, 1995, with up front deposits due November 27, 1995.

In October 1995, the Company entered into a memorandum of understanding with an institutional investor to invest in an entity controlled by the Company for participation in the Entrepreneurs' Band auction.

Roaming Arrangement With PacBell

The Company has signed a memorandum of understanding ("MOU") with PacBell to develop a PCS network that will provide both PacBell and Omnipoint subscribers with roaming capability in the New York and two California MTAs. The MOU is not binding unless incorporated in definitive agreements. PacBell won PCS licenses for the Los Angeles and San Francisco MTAs, covering approximately 31 million POPs. While roaming across the two companies' networks, the Company and PacBell subscribers will be able to place and receive calls and maintain their customized profiles and features without specific customer prior request. Additionally, PacBell and the Company will conduct joint tests of Omnipoint's radio technology and have agreed to work together on PCS infrastructure and handset standards, and to establish complementary marketing programs. The MOU also contemplates adding other PCS operators to the roaming consortium. The Company is currently planning to provide GSM roaming capability for PacBell subscribers and subscribers from other areas using GSM systems.

Technology Business

Overview

Manufacturers of PCS equipment compete in a high-growth cost-competitive market in which they must offer a compact, cost-effective solution providing fully functional PCS—full coverage, vehicular high-speed mobility, wireline quality voice, data, multimedia, digitized compressed video, images and broadcast data—at capital costs per subscriber that are significantly lower than conventional cellular technologies. Due to evolving industry standards and the rapid introduction of new services, the success of PCS equipment manufacturers will also depend on their ability to bring new products to market quickly.

Customer acceptance and usage rates will drive PCS equipment revenues. Based on projections by the PCIA, cumulative PCS equipment sales for the U.S. are anticipated to reach approximately \$1.7 to \$3.3 billion by 1998 and \$14.4 to \$24.4 billion by 2008. The international market for low cost WLL equipment is estimated by the PCIA to reach \$100 billion over the next decade.

The Omnipoint System, officially designated as IS-661, is a proprietary CAI system using spread spectrum, a technology originally developed for military applications. The Omnipoint System is one of four industry standards that have been selected by PCS license holders to provide mobile PCS that passed through the balloting process of the Joint Technical Committee for Wireless Access. The Company designed its technology so that its costs will be lower than those of other PCS and cellular technologies. Furthermore, because of its voice quality, data rates, low cost, small cell size and greater capacity, the Omnipoint System is particularly well suited for WLL services. The Omnipoint System offers the ability to deliver both wireline voice quality and the enhanced services being sought by customers.

The Company designs and tests its equipment and software at its engineering facilities in Colorado Springs, Colorado. Manufacturing and assembly will be subcontracted to third parties wherever possible. Currently, the Company and Northern Telecom are integrating Omnipoint's RF access system and equipment, primarily radio and digital cards for base stations, with Northern Telecom's switches. This integrated system will be used in the New York MTA and marketed to other domestic and international operators. See "*—Strategic Relationships—Northern Telecom Relationship.*"

The Company has operated trial networks during the past two years in both Colorado Springs and New York City. Through these trials, as well as independent system tests, the Company has verified the central features of the Omnipoint System, including its miniaturized base stations, vehicular speed mobility, wireline quality voice transmission, mobile directed hand-off and improved data transmission capabilities.