

VI. RESTRUCTURING IS NOT ONLY FAIR BUT INEVITABLE

GWI has proposed a solution that would be uniformly applied to all C block licensees. If the Commission were to adopt the position of reinstating the existing installment payments, the result would most likely be a substantial number of defaults among the large C block licensees. Subsequently, a re-auction would likely result in a dramatic reduction of C block prices to a point possibly at or below the F block auction (on a 30 MHz equivalent basis, an average of \$7.63/POP based on the Commission's installment financing). This would leave the existing, non-defaulting C block licensees in a position of having substantially overpaid for their licenses, and subsequently in need of Commission restructuring of their debt. See Table I (Omnipoint at \$54.28/POP in Philadelphia, PA and Cook Inlet/Western Wireless at \$39.83 in Muskogee, OK.)

A re-auction therefore would likely necessitate some restructuring of the debt obligations assumed in the original auction. Conversely, quickly restructuring the debt obligations now will enable current license holders to resume their efforts to build new businesses and is the fastest and fairest way for the Commission to implement its charge to ensure both competition and the participation of newly formed small businesses in the wireless marketplace.

VII. SMALL BUSINESS WILL BE ABLE TO PRE-PAY

During the June 30 Public Forum, one panelist, the representative from BIA Capital, expressed concern that the cost

of capital to pre-pay the license debt for the smallest of the Small Businesses would increase significantly, thus making pre-payment unattractive to these companies. GWI disagrees with the underlying assumption that, under its proposed debt restructuring, small businesses would not have access to new sources of relatively low cost capital and would have to rely solely on equity funding to pre-pay the licenses.

As evidenced by the majority of the A block cellular RSA license holders, once the licenses could be used as collateral for loans, most equipment vendors were willing to loan 1.2 to 1.5 times the value of their equipment to license holders to fund operations and equipment purchases. These loans were typically at rates of 2% to 4% over prime, well below the 30% cost of equity estimated by BIA Capital. Under GWI's proposal, over 40% of C block licensees would owe less than \$1 million for their licenses and over 80% of the licensees would owe less than \$10 million. Based on these relatively nominal funding requirements and assuming that the value of the licenses can be used as collateral (which lowers the risks to both debt and equity investors), it appears that the cost of capital (referred to by BIA Capital) will go down for large and small C block licensees.

VIII. CONCLUSION

For the foregoing reasons, GWI supports the restructuring of the C block debt as set forth above.

Respectfully submitted,

General Wireless, Inc.



Roger Linquist
President and Chief Executive Officer

July 8, 1997

Of Counsel:

Jay L. Birnbaum

Jennifer P. Brovey (Admitted in New York only)

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

1440 New York Avenue, N.W.

Washington, D.C. 20005

(202) 371-7288

ATTACHMENT 1

The Sanwa Bank Limited

NEW YORK BRANCH

55 EAST 52ND STREET - NEW YORK, N.Y. 10055

June 20, 1997

Mr. Roger Linnquist
President and Chief Executive Officer
General Wireless, Inc.
8144 Walnut Hill Lane
Suite 600
Dallas, Texas 75231

Dear Mr. Linnquist;

On behalf of The Sanwa Bank Limited, New York Branch ("Sanwa"), we are pleased to submit this letter in support of your efforts to effect certain regulatory changes relating to the purchase and financing of PCS licenses.

Sanwa, with assets valued more than \$600 billion, operates in 30 countries worldwide providing a full range of financial services to clients throughout the world. Communication financing is a primary focus of the Sanwa Global Project Finance Group, with 67 dedicated professionals worldwide, including 21 professionals in New York and 28 professionals in the International Project Finance Office at Tokyo Headquarters. Sanwa's New York Project Finance Group has provided financing to several U.S. wireless communication projects and are very interested in the development of the situation relating to the C-Block licenses.

We understand that as a result of the Public Notice issued on June 2, 1997 and the related proceedings, an opportunity exists for certain changes to the debt terms and amounts owed by C-Block companies to the Federal Communications Commission ("FCC"). We have reviewed and analyzed the preliminary business plan, financial forecasts and capital requirements of General Wireless, Inc. ("GWI"), and are prepared to provide GWI with a firm financing commitment for the pre-payment of its outstanding debt to FCC, subject to satisfactory

The Sanwa Bank Limited

Roger Linquist

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negotiation and documentation and to the following conditions:

- reduction of the principal amount of debt owed to the FCC to a level consistent with prices paid in the A/B-Block auction held in 1995 and adjusted for the present value benefit of forgone C-Block financing as described in GWI's proposal to the FCC.
- in the event of default by GWI, the right of creditors to a perfected security interest in the PCS licenses being pledged as collateral to obtain financing for pre-payment of debt outstanding to the FCC, with disposition of such licenses to non-Designated Entities for the benefit of secured commercial lenders.
- amendment of provisions relating to the above two issues in a reasonably timely manner so that the commencement of commercial operation of the C-Block companies will not be materially delayed.

We anticipate, but cannot give assurance that, in conjunction with the financing of GWI's pre-payment of debt to the FCC, additional financing will be available to GWI on reasonable terms through public or private sources of debt and equity capital to complete GWI's capital requirements and allow for network construction and commercial operation. Sanwa is prepared to assist GWI in attempting to fulfill its financing needs. We understand that GWI has obtained a financial commitment from Lucent Technologies, Inc. to finance equipment purchase and network construction in the amount of \$300 million.

We trust that this letter will be helpful in providing assurance to the FCC that the changes to GWI's debt terms and amounts outstanding to the FCC as proposed by GWI are crucial to allow for timely financing of GWI on reasonable commercial terms to allow it to begin commercial operation on an expedited basis. As stated previously, any realistic financing is contingent on the enactment of the key provisions noted above. Failure to amend the key provisions in a timely manner may result in a situation in which financing of the company is impossible due to the diminishing competitiveness of the company against A/B-Block competitors.

The Sanwa Bank Limited

Roger Linquist

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Thank you for the opportunity to be of service in this matter. We are prepared to proceed further immediately upon obtaining clarification of the FCC's final position, and look forward to a favorable development soon.

Sincerely,

A handwritten signature in black ink, appearing to be 'Toshi Sakai', written over a horizontal line.

Toshi Sakai

Senior Vice President and Deputy General Manager

KENNETH J. KENCEL
Executive Director

June 23, 1997

Mr. Roger Linquist
President and Chief Executive Officer
General Wireless, Inc.
8144 Walnut Hill Lane
Suite 600
Dallas, Texas 75231

Dear Mr. Linquist:

On behalf of SBC Warburg Inc., we are pleased to submit this letter in support of your efforts to effect certain regulatory changes and obtain financing for the purchase of PCS licenses and the operation of commercial wireless telecommunications services.

We understand that, as a result of the Public Notice issued on June 2, 1997 and the proceedings that will follow, an opportunity exists for certain changes to the debt terms and amounts owed by C-Block companies to the Federal Communications Commission ("FCC"). We have reviewed and analyzed the business plan, financial forecasts and capital requirements of General Wireless, Inc. ("GWI"), and are prepared to work toward providing GWI with a firm financing commitment for the pre-payment of its outstanding debt to the FCC, subject to the following conditions:

- reduction of principal amount of debt owed to the FCC to a level consistent with prices paid in the A/B-Block auction held in 1995 and adjusted for the present value benefit of forgone C-Block financing as described in GWI's letter to the FCC (attached).
- in the event of default by GWI, the right of creditors to a perfected security interest in the PCS licenses being pledged as collateral to obtain financing for pre-payment of debt outstanding to the FCC, with disposition of such licenses to non-Designated Entities for the benefit of secured commercial lenders.

We anticipate that, in conjunction with the financing of GWI's pre-payment of debt to the FCC, additional financing will be available to GWI on reasonable terms through public or private sources of debt and equity capital to complete GWI's capital requirements and allow for network construction and commercial operation. SBC Warburg is prepared to assist GWI in the completion of its financing needs. We understand that GWI has obtained a financial commitment from Lucent Technologies, Inc. to finance equipment purchase and network construction in the amount of \$300 million.

*** SBC Warburg**

OF WILMINGTON, DE.
A SUBSIDIARY OF SWISS BANK CORPORATION

We trust that this letter will be helpful in providing assurance to the FCC that the changes to GWT's debt terms and amounts outstanding to the FCC as described in your letter (attached) will be sufficient to allow for timely financing of GWT on reasonable commercial terms to allow it to begin commercial operation on an expedited basis. As stated previously, our commitment will be contingent on the enactment of the key provisions noted above. Other changes as recommended in GWT's letter would be highly beneficial to the financing process. However, failure by the FCC to amend the key provisions noted above may result in a situation in which financing of the company in a reasonable time period is not possible.

Thank you for the opportunity to work with you on this proposal. We stand ready to proceed with the financing process immediately upon obtaining clarification of the FCC's final position.

Sincerely,



Kenneth J. Kencel
Executive Director
Head of High Yield Finance

JPMorgan

J.P. Morgan Securities Inc.

June 23, 1997

60 Wall Street
New York NY
10260-0060

Mr. Roger Lindquist
President and Chief Executive Officer
General Wireless, Inc.
814 Walnut Hill Lane
Suite 600
Dallas, TX 75231

Dear Mr. Lindquist:

On behalf of J.P. Morgan, we are pleased to submit this letter in support of your efforts to effect certain regulatory changes and obtain financing for the purchase of PCS licenses and the operation of commercial wireless telecommunications services.

We understand that the Public Notice issued on June 2, 1997, provides an opportunity for certain changes to the debt terms and amounts owed by C-Block companies to the Federal Communications Commission. We have reviewed and analyzed the business plans, financial forecasts and capital requirements of General Wireless, Inc. ("GWI") and believe it to have a reasonable prospect to obtain the financing needed to pre-pay or service its debt obligations to the FCC and to successfully launch its commercial operations. We believe that the following changes will be important in altering the sentiment in the investment community to improve the prospects of GWI to obtain their required capital:

- reduction of principal amount of debt owed to the FCC to a level consistent with prices paid in the A/B-Block auction held in 1995 and adjusted for the present value benefit of foregone C-Block financing as described in GWI's letter to the FCC or through some other method that produces a comparable principal reduction.
- in the event of default by GWI, the right of creditors to a perfected security interest in the PCS licenses being pledged as collateral to obtain financing for pre-payment of debt outstanding to the FCC, with disposition of such licenses to non-Designated Entities for the benefit of secured commercial lenders.
- adequate time period to implement pre-payment of FCC debt, 18 months suggested
- maximization of foreign ownership limits.
- increase in economic ownership interest allowed a single investor of up to 49%.
- reduction of control group economic ownership requirement from 15% to 10%.

We anticipate that, subject to the adoption of the foregoing changes, GWI will have improved access to public or private debt or equity financing on commercial terms in order to complete its capital requirements and allow for network construction and commercial operations. Failure by the FCC to amend the key provisions noted above may result in a situation in which financing of GWI in a reasonable time period is not possible. Our views are necessarily based

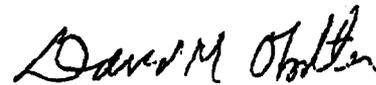
JPMorgan

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on economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise, or reaffirm this letter. Nothing in this letter constitutes a commitment by J.P. Morgan to provide financing to GWI, to cause any financing to be provided to GWI or to otherwise be legally or financially responsible for any financing for GWI.



Ian M. Clark



David M. Obstler

ATTACHMENT 2



Salomon Brothers

GLOBAL TELECOMMUNICATIONS

Monday, May 5, 1997

General Number

(212) 783 7000

Telecom Group Fax Number

(212) 183-4100

U.S. Domestic Corporate Finance

Managing Directors

John Otto (Grp. Head) x-6917

Tom Jones x-5820

Steve Winningham x-1013

Director

William Fletcher x-7132

Vice Presidents

Tim Davies x-6971

Susan Davenport x-5566

David Diwik x-5930

Robert Doherty x-7104

Kilty Nolan x-6757

Terry Talley Voltaggio x-7258

Everett Weinberger x-1774

Product Groups

Mergers & Acquisitions

Tom King x-7500

Eric Medow x-7077

Tony Whittomoro x-6503

Equity Capital Markets

Peter Blanton x-2518

Elizabeth O'Connell x-4366

Fixed Income Capital Markets

Lourdes Perez-Berkeley x-3711

High-Yield Capital Markets

Kevin Luzak x-5926

Equity Research

Jack Grubman x-0568

Steven Yanis x-6663

Sari Mayer x-7674

Sheri McMahon x-7352

Christine Gochoico x-7245

Ann Henry x-7939

Fixed Income Research

Bob Waldman x-4488

Stevyn Schutzman x-4489

David Glaymon x-3384

This Week's Topic.....

Telecom Earnings Scoreboard

With few exceptions, the first quarter was positive for the telecom industry. In all but one of eight telecom sectors (PCS), most companies reported earnings which either met or exceeded Wall Street earnings forecasts.

Telecom Market Update

Equity Transactions

Date	Issuer	Type of Security	Amount (\$MM)
4/10/97	ACSI	Follow-On Equity	\$40
4/08/97	International Telecommunication Data Systems	Follow-On Equity	15
3/24/97	VSNL	IPO (CDR)	527
3/21/97	Group Long Distance	IPO	6
3/20/97	SBC/Telmex	Exchangeable DECS	357
3/14/97	Intermedia Communications	Exch Preferred Shares	300

Debt Transactions

Date	Issuer	Rating	Type of Security	Amount (\$MM)
4/24/97	SK Telecom	A+/A1	7.750 7NC/L (+95 bp)	\$230
4/08/97	British Telecommunications	AAA/Aa1	6.750 5NC/L (+15 bp)	1,000
4/03/97	GTE	A3/A	7.50% 12NC/L (+67 bp)	500
4/03/97	Korea Mobile Telecom	A1/AA-	7.63% 10NC/L (+90 bp)	200
3/26/97	WorldCom	Ba1/BBB-	7.55% 7NC/L (+81 bp)	600
3/26/97	WorldCom	Ba1/BBB-	7.75% 10NC/L (+98 bp)	1,100
3/26/97	WorldCom	Ba1/BBB-	7.75% 30/Put 12 (+96 bp)	300

M&A Transactions

Date Announced	Date Closed	Acquiror	Target	Amount (\$MM)
4/29/97	NA	Network Long Distance	Eastern Telecom	\$30
4/25/97	NA	Western Wireless	Triad Cellular	185
4/25/97	NA	Philippine Global Com.	Pilipino Telephone	196
4/23/97	NA	STET	Mobilkom Austria	706
4/23/97	NA	Phoenix Network	US ONE	82
4/18/97	NA	AirTouch	US WEST (Wireless Assets)	4,470

Telecommunications Equity Market Levels

Index's % change on:

Salomon Brothers Index	Current Level	12 Months	1 Month	1 Week
Long Distance Index	33.851	-7.7%	+1.4%	+6.5%
RBHC Index	52.399	+10.5	+8.4	+5.6
CLEC Index	21.143	+6.5	+24.1	+21.8
Cellular Index	23.274	-18.5	+3.0	+5.7
PCS Index	8.206	-70.8	-10.8	+4.7
Paging Index	7.828	-63.0	+15.6	+7.9
Teleservices Index	16.868	-43.3	-21.2	+11.6

Note: Bold indicates: (i) equity or debt transactions for which Salomon Brothers has acted as a manager and (ii) clients Salomon Brothers has represented in M&A transactions.

ATTACHMENT 3

OMNIPPOINT COMMUNICATIONS CORPORATION (OMPT)*+

*Weakness Presents Buying Opportunity;
Shares Added to DLJ Recommended List*

Rating: **RL Buy**

Relative Return Projection: Over 10%

Price 10/29/96	52-Week Range	Private Market Value		Discount to PMV		Target Price	
		12/96E	12/97E	12/96E	12/97E	12/96E	12/97E
27%	36-18	\$48.00	\$56.00	42%	50%	\$36.00	\$42.00

DJIA: 5972.73
S&P 500: 697.26

Fully Diluted Shares Out. (mil.): 57.3
Market Capitalization (bil.): \$1.6

The shares of Omnipoint have declined recently, partly on the basis of speculation on Federal Communications Commission (FCC) plans to grant more wireless spectrum, just as the company is about to launch its personal communications services (PCS) system in the New York metropolitan area—the most lucrative cellular market in the country and, in terms of the financial community, the most visible. OMPT's PCS system, which will open in the next few weeks, will be the first competitor to the two existing cellular carriers, with a lead of at least several months over other PCS operators, and in a market characterized by dropped or blocked calls and poor reception due to the capacity constraints of the existing operators and well above-average rates. Like Washington/Baltimore, where the operator APC came charging out of the gate nearly a year ago with subscriber figures well in excess of expectations, we believe Omnipoint will open big in New York where demand is almost palpable. We think that this sense of demand is why OMPT shares have always commanded a significant premium over those of other PCS operators. Another reason is the management—both the CEO, who had the vision that garnered an early "pioneer's preference" license award from the FCC, and the COO, who opened all of AirTouch's highly successful European GSM systems (Global System for Mobile Communications), including the largest and most profitable one in the world, in Germany. Like APC and the European systems, Omnipoint's New York system will use GSM technology, the most well established digital standard in the world.

In addition to the New York metropolitan trading area's 27 million pops, OMPT added 13 million nearly contiguous pops in the C Block PCS bidding round, including Philadelphia, and it is bidding on additional markets to further extend its broad Northeastern corridor in the final D, E and F Block auctions, including Boston and Washington/Baltimore. So far the OMPT price in those auctions is a very low \$1.22 per pop! Thus, what started out as the cheapest license for the best market in the country has expanded into a major regional play that could encompass one-quarter to one-third of the country's population. We estimate OMPT's private market value at \$48 per share this year and \$56 for 1997. With a 25% public trading discount, our target for the stock would be \$36 per share short term and \$42 over the next 12 months. Likely wins in the current auctions would provide additional upside. The recent furor that sent the stock down concerns the possibility of additional FCC auctions that may or may not be for PCS and may or may not be nationwide. Current D, E and F Block bidding at very low per pop prices confirms that, with six competitors (and Nextel) already, there is no lack of spectrum that would be addressed by a new licensee, and the timetable of any new operator yet to be licensed would be so late as to be nearly irrelevant economically. As a result of these factors, and especially the confluence of the stock drop with the imminent launch of the New York system, we are upgrading our rating on Omnipoint to RL Buy.

October 29, 1996
2291-96
ACTION RECOMMENDATION

Dennis H. Leibowitz (212) 892-4248
Eric S. Weinstein (212) 892-3611
John H. Whittier (212) 892-3789
Karim Zia (212) 892-4090