

# The Truth of the Matter:

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“Winning [C Block] bidders fashioned bids in accordance with the best information available at the time. Subsequent unforeseen and unforeseeable events, however, conspired to diminish the value of the licenses and close the financing window for start-up PCS ventures. The major event was collapse in market value for radio licenses.”

– Larry Darby, Darby Associates, 7/21/97 (emphasis added)

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“NEW YORK, June 20 (Reuter) - Chase Telecommunications Inc's \$160 million junk bond deal was indefinitely postponed late on Thursday as investors continued to turn a cold shoulder to startup telecom companies, according to a source close to the deal.”

– Reuters, June 20, 1997 (emphasis added).

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– Jeffrey L. Hines, NatWest Securities, 6/30/97

## Myth #6: The C Block bidders were reckless and deserve no Commission consideration

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- ◆ CBO report found that C Block prices were reasonable.
- ◆ CBO report also states that A and B Block prices were lower than C Block prices because of a relative lack of competition in that auction. A and B Block auction bidders received bargain prices (See Appendix 3).
- ◆ The eligibility ratio in the A and B Block auction was 1.9; the eligibility ratio for the C Block was 6.7.

## Myth #7: A change in the rules at this date would be unfair to other bidders

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- ◆ Pre-auction FCC rule permits restructuring of payment obligations (Section 1.2110(e)(4)(ii)).
- ◆ Parties whose models valued spectrum the highest would have won regardless of what rules were in effect at the time of the auction.
- ◆ Many bidders left the auction with standing high bids that would not be financeable in today's market, e.g., GO Communications \$58.24 net per POP bid for Miami, North Coast Mobile \$52.45 net per POP bid for New York, and U.S. AirWaves \$38.46 net per POP bid for Dallas.
- ◆ C Block auction winners made down payment of \$1.02 billion.

## Myth #8: C-block licensees reap disproportionate benefits in a restructuring

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- ◆ Statutory limitation on ability to dilute control group interests (Sec. 24.709).
- ◆ NextWave on record in support of rule changes that would permit dilution of control group interests so long as control group has *de facto* control.
  - Reply Comments of NextWave Telecom Inc., In re Broadband PCS C and F Block Installment Payment Restructuring, WT Docket No. 97-82 (July 7, 1997).
  - Comments of NextWave Telecom Inc., In re Broadband PCS C and F Block Installment Payment Restructuring, WT Docket No. 97-82 (July 23, 1997).
  - Reply Comments of NextWave Telecom, In the Matter of Amendment of Part 1 of the Commission's Rules -- Competitive Bidding Proceeding, WT Docket No. 97-82 (April 16, 1997).

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Myth #9: Revision of bankruptcy laws is necessary to protect the integrity of the auctions.

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- ◆ Change in bankruptcy laws would further complicate financing opportunities at a time when financing for new entities already is scarce.
- ◆ It is ironic that many parties who argue that rules should not be changed also argue for changes in the bankruptcy laws themselves.

## Myth #10: Restructure would compromise the integrity of the auction process

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- ◆ The Commission has performed incredibly well in conducting auctions, but the enormity of the process assures that all the consequences of the work done to date were not foreseen and adjustments should be made as circumstances warrant.
- ◆ Specifically, the full consequences of the FCC's three roles as regulator, auction house and banker (in the installment payment context) were not fully understood.

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“Omnipoint should also benefit if the terms [of the Government financing] are not changed because some of its competition would come even later, if ever, to the market.”

– Richard Prentiss, Raymond James and Associates,  
7/8/97

# **The Truth of the Matter:**

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“The continued delays in C Block financing are a positive for both cellular and PCS: (1) it delays a new entrant and (2) any reduction/easing of terms will create a less desperate competitor and therefore maintain a more rational market. This particularly extends the lead enjoyed by existing PCS players such as Omnipoint, Western Wireless, and Aerial.”

– Thomas J. Lee, Smith Barney, 7/11/97

## Conclusion

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- ◆ There is a win/win solution for competition and taxpayers.
- ◆ Rescheduling keeps government whole.
  - Ability to ensure taxpayer and competition
- ◆ Limitations of a Reauction

# Appendix 1: License Concentration

## License Concentration of Cellular/PCS Licensees by POPs

Company	Type of Carrier	Total PCS POPs	Cellular POPs	Total POPs	Percent of Total	Cumulative Total	Total Wireline POPs		
							Wireline POPs	Percent of Total	Cumulative Total
AT&T	Wireline	258,589,720	104,790,896	363,380,616	19.96%	19.96%	363,380,616	19.96%	19.96%
Sprint	Wireline	279,542,834	-	279,542,834	15.36%	35.32%	279,542,834	15.36%	35.32%
PCS PrimeGo	Wireline	61,812,211	149,979,864	211,792,075	11.64%	46.96%	211,792,075	11.64%	46.96%
NextWave	Non-Wireline	163,011,126	-	163,011,126	8.96%	55.92%	-	0.00%	46.96%
Omnipoint	Non-Wireline	131,044,147	-	131,044,147	7.20%	63.12%	-	0.00%	46.96%
Western Wireless	Non-Wireline	80,073,531	6,511,543	86,585,074	4.76%	67.87%	-	0.00%	46.96%
BellSouth	Wireline	26,029,599	54,986,809	81,016,408	4.45%	72.33%	81,016,408	4.45%	51.41%
GTE	Wireline	2,091,774	77,435,326	79,527,100	4.37%	76.69%	79,527,100	4.37%	55.78%
Southwestern Bell	Wireline	9,185,124	55,397,316	64,582,440	3.55%	80.24%	64,582,440	3.55%	59.33%
ALLTEL	Wireline	31,480,277	25,089,303	56,569,580	3.11%	83.35%	56,569,580	3.11%	62.44%
TDS/Aerial	Wireline	15,847,991	25,279,238	41,127,229	2.81%	86.16%	41,127,229	2.81%	65.25%
Ameritech	Wireline	8,181,622	31,717,797	39,899,419	2.19%	88.35%	39,899,419	2.19%	67.44%
Pocket	Non-Wireline	35,114,380	-	35,114,380	1.93%	90.28%	-	0.00%	67.44%
PacTel	Wireline	33,854,632	-	33,854,632	1.86%	92.14%	33,854,632	1.86%	69.30%
InterCel	Non-Wireline	32,081,732	-	32,081,732	1.76%	93.91%	-	0.00%	69.30%
U S West	Wireline	22,182,428	-	22,182,428	1.22%	95.12%	22,182,428	1.22%	70.52%

The top 3 wireline companies own nearly half of the available POPs in the U.S.

And, more than 70% of the available POPs in the U.S. are controlled by 11 wireline companies.

Source: FCC data and Donaldson, Lufkin & Jenrette Report, The Wireless Communications Industry (Spring 1997).

# License Concentration of Cellular/PCS Licensees by Markets

Rank	Market Name	1996 POPs	Cellular Carriers		PCS Carriers						
			A	B	A	B	C	D	E	F	
1	New York, NY	18,400,203	AT&T	BANM	OMPT	SPRINT	NextWave	OMPT	AT&T	Northcoast	
2	Los Angeles, CA	15,679,293	LA Cellular	AirTouch	SPRINT	PACTEL	NextWave	AT&T	Gabelli	Gabelli	
3	Chicago, IL	8,467,720	SBM	AMERITECH	AT&T	PRIMECO	Pocket	SPRINT	SPRINT	NextWave	
4	San Francisco, CA	6,842,466	AT&T	GTE	SPRINT	PACTEL	GVM	AT&T	Western	NextWave	
5	Philadelphia, PA	5,984,423	Comcast	BANM	AT&T	SPRINT	OMPT	Comcast	Gabelli	NextWave	
6	Dallas, TX	4,828,566	AT&T	SBM	PRIMECO	SPRINT	Pocket	AT&T	AT&T	NextWave	
7	Detroit, MI	4,785,173	AirTouch	AMERITECH	AT&T	SPRINT	Pocket	NextWave	OMPT	OMPT	
8	Houston, TX	4,598,155	AT&T/BELLSOUTH	GTE	AERIAL	PRIMECO	NextWave	SPRINT	AT&T	Telecorp	
9	Washington, DC	4,410,587	SBM	BANM	SPRINT	AT&T	NextWave	Gabelli	OMPT	Gabelli	
10	Boston, MA	4,177,982	SBM	BANM	AT&T	SPRINT	NextWave	OMPT	OMPT	Northcoast	
11	Atlanta, GA	3,763,994	AirTouch	BELLSOUTH	AT&T	Interce	GVM	SPRINT	ALLTEL	NextWave	
12	Miami, FL	3,577,306	AT&T	BELLSOUTH	SPRINT	PRIMECO	GVM	AT&T	OMPT	OMPT	
13	Minneapolis, MN	3,063,561	AT&T	AirTouch	SPRINT	AERIAL	NextWave	U S WEST	AT&T	Northcoast	
14	Seattle, WA	3,055,225	AT&T	AirTouch	Western	SPRINT	NextWave	AT&T	Western	Western	
15	Cleveland, OH	2,940,521	AirTouch	GTE	AMERITECH	AT&T	NextWave	SPRINT	Western	Northcoast	
16	St Louis, MO	2,807,363	AMERITECH	SBM	SPRINT	SPRINT	Pocket	OMPT	Western	NextWave	
17	Phoenix, AZ	2,720,380	BANM	AirTouch	AT&T	SPRINT	REAUCTION	U S WEST	Western	Western	
18	San Diego, CA	2,679,864	GTE	AirTouch	SPRINT	PACTEL	NextWave	AT&T	Gabelli	Central OR	
19	Baltimore, MD	2,552,338	SBM	BANM	SPRINT	AT&T	NextWave	Gabelli	Gabelli	OMPT	
20	Pittsburgh, PA	2,517,972	AT&T	BANM	SPRINT	AERIAL	NextWave	AT&T	Radiofone	Devon	
21	Tampa, FL	2,394,524	AT&T	GTE	AERIAL	PRIMECO	NextWave	SPRINT	BELLSOUTH	Telecorp	
22	Denver, CO	2,386,290	AT&T	AirTouch	SPRINT	Western	NextWave	AT&T	U S WEST	Radiofone	
23	Cincinnati, OH	2,091,774	AirTouch	AMERITECH	AT&T	GTE	NextWave	SPRINT	CINCINNATI BELL	Western	
24	Portland, OR	1,945,500	AT&T	AirTouch	Western	SPRINT	NextWave	AT&T	U S WEST	Magnacom	
25	Kansas City, MO	1,930,633	AT&T/AirTouch	SBM	SPRINT	AERIAL	NextWave	ALLTEL	AT&T	DCC	
26	Charlotte, NC	1,861,677	BANM	ALLTEL	AT&T	BELLSOUTH	NextWave	SPRINT	ALLTEL	AirGate	
27	Sacramento, CA	1,832,812	AT&T	AirTouch	SPRINT	PACTEL	GVM	AT&T	WEST COAST	NextWave	
28	Milwaukee, WI	1,799,556	BELLSOUTH	AMERITECH	SPRINT	PRIMECO	Indus. Inc.	AT&T	Western	NextWave	
29	Norfolk, VA	1,785,196	360 Comm.	GTE	AT&T	PRIMECO	NextWave	SPRINT	Western	OMPT	
30	San Antonio, TX	1,728,049	AT&T	SBM	SPRINT	PRIMECO	NextWave	Western	AT&T	OMPT	
31	Nashville, TN	1,591,314	GTE	BELLSOUTH	SPRINT	AT&T	Chase	Interce	Interce	OMPT	
32	Columbus, OH	1,574,030	AirTouch	AMERITECH	AT&T	Interce	NextWave	SPRINT	SPRINT	Northcoast	
33	Providence, RI	1,505,903	SNET	BANM	AT&T	SPRINT	NextWave	ACC	Northcoast	OMPT	
34	Salt Lake City, UT	1,497,885	AT&T	AirTouch	Western	SPRINT	PCS 2000	AT&T	U S WEST	NextWave	
35	Memphis, TN	1,471,561	GTE	BELLSOUTH	Interce	SBM	Chase	SPRINT	ALLTEL	Telecorp	
36	Orlando, FL	1,447,059	AT&T	BELLSOUTH	AERIAL	PRIMECO	NextWave	SPRINT	AT&T	Telecorp	
37	Louisville, KY	1,428,320	GTE	BELLSOUTH	AT&T	SPRINT	NextWave	Interce	Interce	Mercury PCS	
38	Indianapolis, IN	1,420,258	BELLSOUTH	GTE	SPRINT	AMERITECH	NextWave	AT&T	OMPT	21st Century	
39	New Orleans, LA	1,396,435	Radiofone	BELLSOUTH	SPRINT	PRIMECO	Pocket	AT&T	AT&T	Telecorp	
40	Oklahoma City, OK	1,368,004	AT&T	SBM	Western	SPRINT	NextWave	Triad	AT&T	DCC	
41	Greensboro, NC	1,330,742	GTE	360 Comm.	AT&T	BELLSOUTH	NextWave	SPRINT	ALLTEL	AirGate	
42	Birmingham, AL	1,270,221	GTE	BELLSOUTH	SPRINT	Interce	Mercury PCS	ALLTEL	AT&T	OMPT	
43	Raleigh, NC	1,261,166	GTE	360 Comm.	AT&T	BELLSOUTH	Urban	SPRINT	ALLTEL	ComScape	
44	Buffalo, NY	1,234,670	SBM	BANM	SPRINT	AT&T	OMPT	Gabelli	REAUCTION	Devon	
45	Dayton, OH	1,218,672	AMERITECH	AirTouch	AT&T	GTE	NextWave	SPRINT	Western	Devco	
46	Jacksonville, FL	1,208,139	AT&T	BELLSOUTH	Interce	PRIMECO	NextWave	SPRINT	ALLTEL	Southern Wireless, L.P.	
47	Richmond, VA	1,191,504	BELLSOUTH	GTE	AT&T	PRIMECO	NextWave	SPRINT	Western	Urban	
48	Rochester, NY	1,153,214	SBM	BANM	SPRINT	AT&T	OMPT	OMPT	AT&T	Northcoast	
49	Hartford, CT	1,121,164	BANM	SNET	OMPT	SPRINT	Gabelli	AT&T	AT&T	Northcoast	
50	Albany, NY	1,057,180	SBM	BANM	OMPT	SPRINT	NextWave	AT&T	ACC	Vtel	

Wireline companies own 79% of the cellular licenses and 87% of the A-and B-block PCS licenses in the top 50 markets  
 In total, wireline companies own 57 percent of the cellular/PCS licenses in the top 50 markets

Source: FCC data and Donaldson, Lufkin & Jenrette Report, *The Wireless Communications Industry* (Spring 1997).

## Appendix 2: Analyst Reports

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SMITH BARNEY INC.  
FROM: BRUCE BARGE

THOMAS J. LEX

Comments on WSJ article on FCC changes to C-block payments; not a surprise

07/11/97 Mobile Communication Systems (U.S. ONLY) THOMAS J. LEX

SUMMARY:

\* According to WSJ article today, the FCC is expected to announce changes for the C-block PCS licensees from quarterly to annual interest payments  
\* The change in our opinion is not a surprise given the FCC previously "indefinitely" delayed quarterly payments on the debts  
\* This does little to address the critical challenge facing C-block holders - their high prices paid makes financing nearly impossible  
Net-net: the continued delays in C-block financing are a positive for both cellular and PCS: (1) it delays a new entrant and (2) any reduction/easing of terms will create a less desperate competitor and therefore maintain a more rational market. This particularly extends the lead enjoyed by existing PCS players such as Omnipoint (OMPT-25, target \$31), Western Wireless (WVCA-25, target \$29) and Aerial (AERT-35, target \$14)

07/11/97 Mobile Communication Systems (U.S. ONLY) THOMAS J. LEX

OPINION:

According to an article in the Wall Street Journal today, the FCC is expected to announce changes in interest installment payments for the C-block PCS (personal communications services) licensees from quarterly to annual interest payments.

\*\* The change in our opinion is not a surprise given the FCC previously "indefinitely" delayed quarterly payments on the debts.

\*\* A potential change to annual installments does little to address the critical challenge facing many C-block license holders - their disproportionately high prices paid (compared to previous auction winners) makes obtaining financing nearly impossible, and therefore delays their entrance into the wireless marketplace.

\*\* We believe any resolution to the debt outstanding will involve protected negotiations and probably ultimately result in one of two scenarios: (1) a revocation and reauction of the spectrum of defaulted C-block license owners or (2) an effective reduction of the present value of the debt owed to the FCC either through a reduction in principle value or extension/modification of payment terms.

Net-net: We reiterate that the continued delays in C-block financing are a positive for existing wireless carriers, both cellular and PCS, for two reasons: (1) it delays a new entrant in the marketplace and (2) any reduction/easing of financing terms will create a less desperate competitor and therefore more likely maintain a rational marketplace. In any case, it appears that the wireless marketplace in the next few years will be a less crowded space (4 players total) than originally envisioned twelve months ago. We would note the following three observations:

1. This extends the time to market lead enjoyed by existing new entrants (PCS, or personal communications services) players such as Omnipoint (OMPT-rated 25, target \$31), Western Wireless (WVCA-rated 25, target \$29) and Aerial Communications (AERT-rated 35, target \$14) and would be buyers of their stock.

2. Delays in the C-block also benefit the cellular incumbents including 360 Communications (XD-rated 2M, target \$30), Airtouch (ATI-rated 3M, target \$28), Vanguard Cellular (VCRD-rated 3M, target \$14) as their existing market share will be subject to less intense competition (one less competitor). Still, we believe when cellular carriers are subject to the "cellular straight-jacket" and therefore remain cautious on Airtouch (see

# WIRELESS WAVES

NATWEST SECURITIES

A weekly update of NATWEST's global Wireless Services & Wireless Equipment stocks

June 30, 1997

Jeffrey L. Hines (212) 602-5741

Volume 3, Issue 26

**MARKET RECAP:** With some trading day last, 2097 shows strong market (S&P500 + 14.7%) as telecom causes roaring back led by GLECS (+32.9%), Galile (+23.7%), & Easim (+19.5%).

Company/Market Class	QEA	MeridA	LTM	YTD
GLECS:Obr (10)	111	32.9%	10.9%	8%
Paging (9)	81	31.9%	8.9%	-6%
Cell: (12)	119	23.7%	18.7%	9%
Equip: (21)	112	19.9%	8.9%	3%
S&P 500	827	14.7%	4.9%	32%
FCSoth: (11)	100	14.6%	6.2%	-18%
Cell: (17)	115	12.9%	5.1%	0%
Wireless (14)	111	10.4%	2.9%	17%
3-year 1-lead yield	6.24%	-34bp	-17bp	-16bp
3-yr 2-lead yield				13bp

## FOC getting closer to clearing up C-Block?

Suggestions were done this week on when the FCC should do regarding the C-Block FOC licenses, since they still have sizable debt owed to the federal gov't. It should also be no surprise that the C-Block winners in question offered up several suggestions, including lengthening the financing/payment schedules, reducing the interest rates, or take permits on the dollar for what they originally bid. We find it surprising that the same bidders who bid up prices during the auction, and forced more "national" and perhaps "crossbid" bidders to drop out, are now asking the FCC to award their payments. To the extent that the C-Block delays continue, it is a boon to incumbent operators, as the competitive bidders will not become as heated as they are now.

Two basic scenarios seem likely: 1) the FCC accepts less money and awards the payment streams, or 2) the FCC demands payments under the "original" terms. In either case, it appears any significant C-Block competition is at least a year off. If the FCC awards the licenses (scenario 1), bidders that dropped/were forced out will likely be up the licenses in court. If the FCC plays hardball (scenario 2), defaulting C-Blockers could be the license up in Chapter 11 court, after which they will have to be sanctioned (both could take considerable time). We note that the FCC has already "bent" on its rule, by delaying payments.

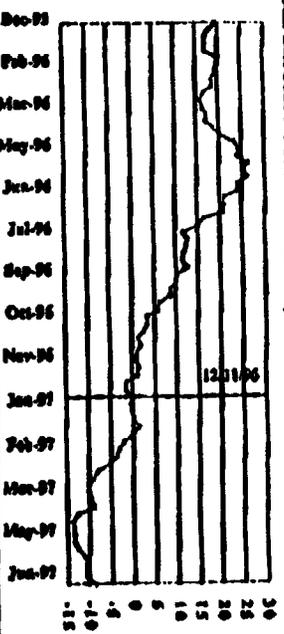
## News & Notes: It Really Is A Wireless World

- The FCC issued a "proposal" to amend rules for the 800 MHz S&R auction - which should allow NEXTEL, NUTL, S18 4-B) to share 10 MHz of contiguous spectrum quickly - allowing Nexcel to bid for so called "low" 800 channels, a new development.
- MOTOROLA (MOT-576 7/8-B) announced orders for nearly \$250 million of wireless infrastructure, including \$65M for a GSM network and \$50M for a TACS expansion in Brazil.
- SIEM order for an AMRS expansion in Brazil.
- NOKIA (NOKA-575/6-A), ERICSSON (ERIC-540/6-B), and MOTOROLA, along with UnWire Planet, announced plans to co-develop an open protocol for wireless data, e.g. the very cellular / PCS hardware combinations with computers for things like stock

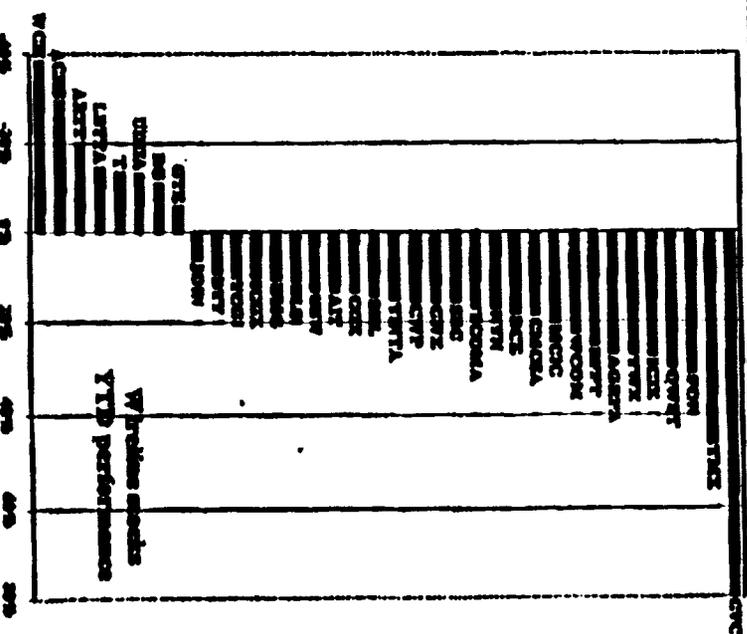
quotes, e-mail, fax, Internet, info-services, etc. An open protocol could hasten the development of larger scale wireless data services.

- GLENATYLE (GLEN-\$16 1/8-A) announced what could be the first of several paging infrastructure orders from CELPAGE of Puerto Rico and its associates throughout Latin America. The STM order for an alphanumeric system is expected to regional / nationwide and upgrade-able to RATEDX for two-way.
- BELL CANADA (BCE-\$23 3/16-NE) is considering fixed wireless as part of its \$200M local network upgrade.
- WINSTAR (WCI-\$13-NF) commenced commercial operations of its wireless local loop at 38 GHz in its 5<sup>th</sup> city, San Diego. Winstar also received 4 new licenses from the FCC, giving it a footprint in 47 of the top 50 mts in the US.

## Parameter: Telecom stock performance vs. S&P500



## Wireless Services leaders YTD performance





## Appendix 3: CBO Report Excerpt

CONGRESS OF THE UNITED STATES  
CONGRESSIONAL BUDGET OFFICE

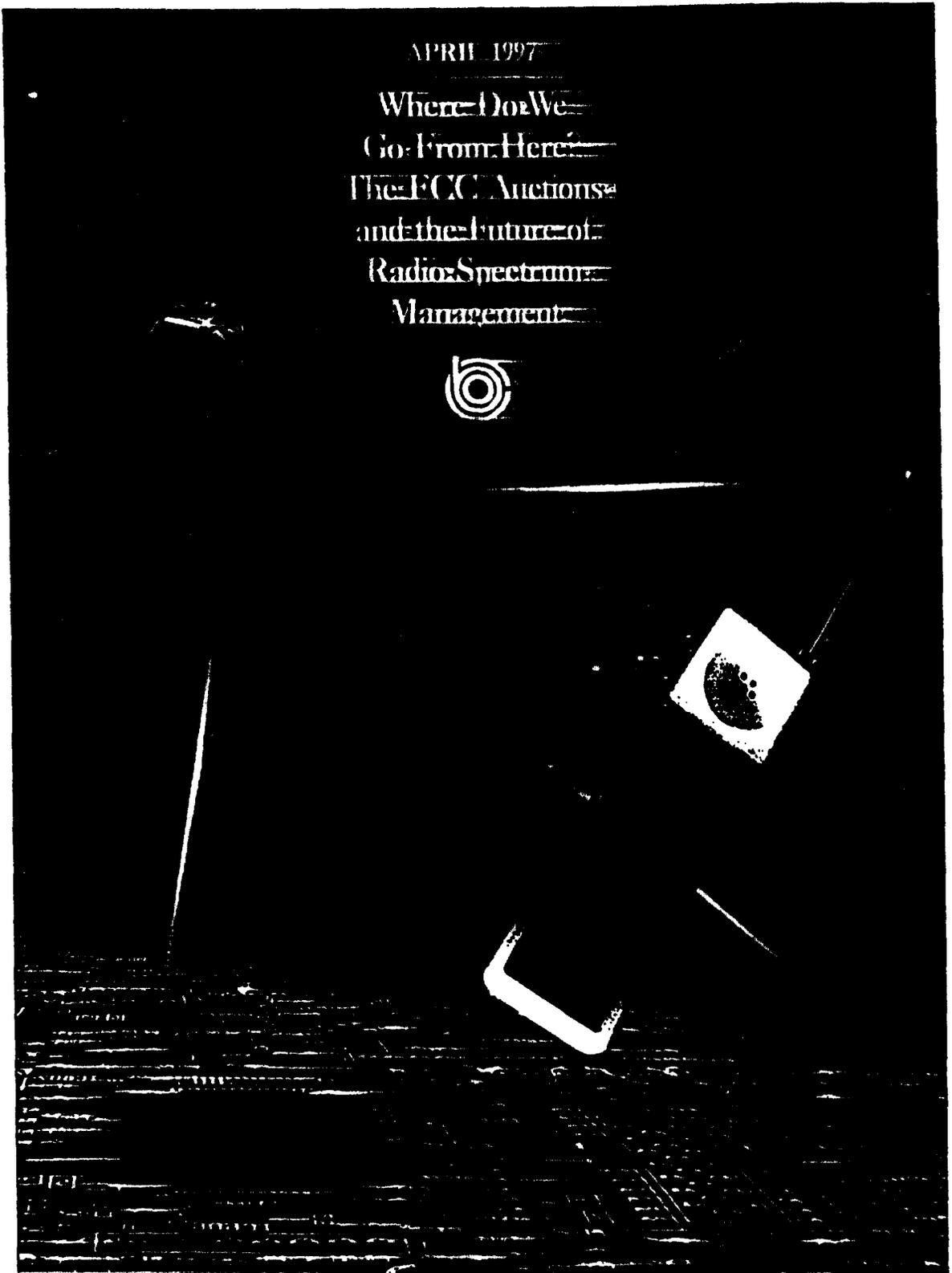
A

CBO

STUDY

APRIL 1997

Where Do We  
Go From Here?  
The FCC Auctions  
and the Future of  
Radio Spectrum  
Management



per-megahertz price paid for the Chicago licenses was \$1.05—notably higher than the prices paid for the single competitively auctioned licenses in the New York and Los Angeles markets (\$0.56 and \$0.86, respectively). Prices could be expected to vary between markets on the basis of consumer demographics—income and time spent commuting in automobiles, for example—but differences as large as those evident in the A&B block auction are too great to be explained by such factors.

Additional questions about the efficiency of the distribution of licenses in the A&B block auction and the two other broadband sales that followed it are raised when the average prices for licenses are compared. The average per-person, per-megahertz price in the A&B block was about \$0.50. The C block auction registered a substantially higher price of about \$1.35, which drops to about \$0.80 after adjusting for the terms of the installment payments available to the small businesses that won C block licenses (see Box 1, which discusses the differences in prices paid for licenses in the A&B and C block auctions). In contrast, the average price in the D,E&F auction was about \$0.35, lower than that reported in either of the broadband PCS auctions that preceded it. Prices could be expected to vary among the auctions because the licenses sold granted the right to use different-sized blocks of spectrum that allowed the licensee to operate in different-sized geographic areas. Nevertheless, the ranking of average prices from high to low corresponds to the potential competition in each of the auctions as measured by the eligibility ratio. That ratio was 6.7 for the C block sale, compared with 1.9 for the A&B block sale and 1.7 for the D,E&F sale.

Why wasn't the A&B block auction more competitive? Fewer bidders entered that auction because the FCC restricted participation by the current holders of cellular licenses and permitted would-be competitors to join forces before the auction began. Both decisions should be evaluated as trade-offs between ensuring competition in wireless telecommunications markets and ensuring competition in the auctions for licenses to participate in those markets. Specifically, the commission chose to sacrifice the opportunity to maximize auction receipts to ensure an adequate number of technically capable and financially sound service providers and, ultimately, to sustain the competitive pricing and services that such providers would bring to telecommunications markets.

**Table 2.**  
**Total Population in Markets for Personal Communications and Cellular Telephone Service Covered by the Three Largest Winners in the A&B Block Auction (In millions of people)**

	Personal Communi- cations Services	Cellular Telephone Services	Total
AT&T	107.0	68.3 <sup>a</sup>	175
WirelessCo	144.9	28.4 <sup>b</sup>	173
PCS PrimeCo	57.2	110.4 <sup>c</sup>	167

SOURCE: Congressional Budget Office based on Peter Cramton, "The FCC Spectrum Auctions: An Early Assessment" (draft, University of Maryland, July 15, 1996), Table and Cellular Telephone Industry Association, *The Wireless Marketbook* (Spring 1996).

- Estimated as the difference between the total mobile telephone population as reported by the Cellular Telephone Industry Association and the total population in the personal communication services markets as reported by Cramton.
- Represents the cellular telephone markets of WirelessCo partners Comcast (7.6 million people) and Cox Communications (20.8 million people).
- Represents the cellular telephone markets of Bell Atlantic/NYNE (57.7 million people) and AirTouch (55.2 million people) adjusted downward by 2.5 million people for overlapping licenses in Arizona markets.

The result of the A&B block auction that most strongly suggests an efficient distribution of licenses was the success of bidders in aggregating groups of licenses. Each of the three largest winning bidders—AT&T, WirelessCo, and PCS PrimeCo—won licenses that enable them to offer nationwide service.<sup>24</sup> The PCS licenses won by AT&T and PCS PrimeCo, when combined with the cellular telephone licenses that each bidder already owned, provide nearly complete nationwide coverage. WirelessCo, the largest winner in the auction, had the smallest cellular coverage but won 29 PC

24. WirelessCo is a combination of the long-distance telephone company Sprint and three large cable television companies (TCI, Comcast, and Cox Communications). After the A&B block auction, WirelessCo changed its name to SprintCom. PCS PrimeCo is a combination of three regional Bell operating companies (NYNEX, Bell Atlantic, and USWest) plus AirTouch (a spin-off of another former Bell company, PacTel), which provides cellular telephone service in PacTel's operating area.

**Appendix 4: Powertel, Inc. Form S-4**