The Claim: "The prices paid for many of the C-Block licenses exceeded what was reasonable and prudent." -- Fidelity Capital (12/30/97)

- The Facts:
  - ✓ CBO report found that C Block prices were reasonable.
  - ✓ Hudson Institute report found that C Block prices were reasonable.
  - ✓ SBA suggests the C-Block prices were a reflection of "true marketplace" forces.
  - ✓ 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.

Selected Bids of Disappointed Bidders Show Their Long-Term Assumptions About Market Also Were Wrong

Company	Market	Final Net Bid - PPP	F-Block Winning Bidder	F-Block Net Bid PPP	Percent Difference
GO	Los Angeles	$ 41.35	Aer Force	$ 0.31	13339%
U.S. AirWaves	Los Angeles	$ 37.47	Aer Force	$ 0.31	12087%
U.S. AirWaves	San Francisco	$ 36.52	NextWave	$ 0.68	5371%
GO	Houston	$ 46.62	Telecorp	$ 1.88	2480%
AirLink	Grand Rapids	$ 21.19	Omnipoint	$ 0.93	2278%
GO	W. Palm Beach	$ 51.40	Omnipoint	$ 2.80	1836%
U.S. AirWaves	Washington	$ 38.55	Aer Force	$ 2.15	1793%
AirLink	W. Palm Beach	$ 39.85	Omnipoint	$ 2.80	1423%
GO	New York	$ 49.95	North Coast	$ 4.17	1198%
U.S. AirWaves	Dallas	$ 38.46	NextWave	$ 3.70	1039%
AirLink	Chicago	$ 23.17	NextWave	$ 2.82	822%
GO	Miami	$ 58.24	Omnipoint	$ 8.49	686%

- Hutchison's investment in Western equates to between $45 to $60 per POP, according to analysts.
- BellSouth's $2.5 billion bid for the Brazilian cellular license covering Sao Paulo equates to $140 per POP.
- AT&T's purchase of McCaw cellular averages out to $250 to $300 per POP.
- Most cellular carriers command per POP valuations of $200 or more. See the following transactions:

Company	POPs	Price	Price-Per-POP
U S West - AirTouch	35 million	$5.7 billion	$296
Palmer Wireless - Price	3.9 million	$800 million	$226
Wireless One - Price/Palmer	378,558	$168 million	$443
DLJ Typical Cellular	16.4 million	$5.24 billion	$319
DLJ Typical PCS	10.2 million	$425 million	$41.71

The Claim: "If the Commission were to attempt such significant [rule] changes, it would render a major part of its auction effort a sham…" -- Sprint Corp. (6/23/97)

- The Facts:
  - ✓ No rule change was required. 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.
  - ✓ Without explanation, FCC removed this rule in the Part 1 Rewrite proceeding.

- Modest rule changes are not uncommon. A number of other auction rules have been changed "mid-stream," including:
  - ✓ Pre-auction FCC rule permitting restructuring of payment obligations (Section 1.2110(e)(4)(ii));
  - ✓ DEF Block auction, ensuring that bid prices would be well below C-Block;
  - ✓ Carolina PCS default waiver.
- The real auction integrity issue is bid signaling.
  - ✓ Integrity requires close-out of FCC bid signaling investigation prior to acceptance of Forms 175 in C-Block reauction.
  - ✓ Companies that engaged in bid signaling should be prohibited from participating in the C-Block reauction.
  - ✓ Commission expressly recognizes in Part 1 rewrite that violators of anti-collusion rules "may be prohibited from participating in future auctions." Part 1 Rewrite at para. 166 (12/31/97).

The Claim: "The public interest would be best served by bringing this chapter of the auction process to a close."
-- AT&T Wireless (12/29/97)

- The Facts:
  - ✓ Absent new C-Block entrants, markets will see license consolidation and could ultimately end up with only 4 competitors.
  - ✓ C-Block licensees already have invested heavily in infrastructure. NextWave, for example, has invested over $80 million in equipment, and had conducted commercial tests in Las Vegas, Washington, D.C., San Diego, and San Antonio.
  - ✓ Resellers are relying on a robust C-Block. A number of resellers are on the record in this proceeding describing the difficulty they have faced attempting to obtain fair and reasonable resale terms.
  - ✓ Hundreds of small business licensees, contractors, vendors, and investors are depending on a robust C-Block.