

MADISON DEARBORN PARTNERS, INC.

March 31, 2006

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, DC 20554

Re: *Amendment of Parts 1, 21, 73, 74 and 101 of the Commission's Rules to Facilitate the Provision of Fixed and Mobile Broadband Access, Educational and other Advanced Services in the 2150-2162 and 2500-2690 MHz Bands* – WT Docket No. 03-66 – **WRITTEN EX PARTE PRESENTATION**

The Commission's adoption of new rules Broadband Radio Service (BRS) and Educational Broadband Service (EBS) open up unprecedented opportunities for development of the 2496-2690 MHz band. Among other things, the Commission's 2004 decision to repeal policies limiting EBS lease terms has the potential to increase productivity of the nation's educators and businesses as well as to improve the quality of life of millions of Americans. Recently, however, we learned of a proposal that would limit the maximum possible term of any lease of Educational Broadband Service (EBS) spectrum.

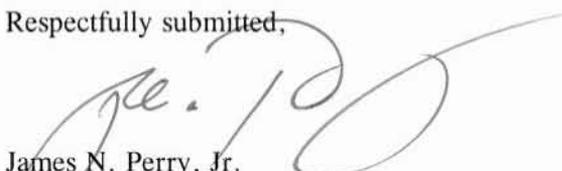
Madison Dearborn Partners, LLC ("MDP"), based in Chicago, is one of the largest and most experienced private equity investment firms in the United States. MDP's objective is to invest in companies in partnership with outstanding management teams to achieve significant long-term appreciation in equity value. MDP generally seeks to invest \$100 million to \$600 million of equity capital in a single transaction. Beginning in 1993, we have invested a total of over \$7 billion. Significant communications investments have included Intelsat, Ltd.; Madison River Telephone Company, LLC; Nextel Communications, Inc.; Omnipoint Corporation; MetroPCS, Inc., PaeTec Communications, Inc. Rural Cellular Corporation and Wireless One Network.

We continue to examine potential wireless data business plans with an eye to investing in the promising area of wireless broadband. Based on our experience as an investor and financial advisor to the telecommunications industry, we believe that, if the FCC imposes a lease term limit of less than 30 or 40 years or includes provisions that require a periodic re-assessment of the lease terms as a condition to long term leases, insufficient capital will flow to businesses that want to develop EBS spectrum for intensive broadband use. As a practical matter, moreover, proposals to "reevaluate" the terms and conditions of a lease at periodic intervals after an initial 15 year term are no different than an abbreviated term limit. Both mandatory term limits and mandatory top-to-bottom reevaluation of EBS leases every five years prevents lessees from establishing security in the underlying spectrum asset. Without sufficient security in the asset, investors will likely lack sufficient assurance that lessees can recoup the expense of the long-term, high-value investments in the spectrum needed to deliver broadband services to the public. Absent the desirable commercial investment, educational licensees that wish to develop broadband networks will generally be unable to invest the substantial resources for network infrastructure, customer premises equipment, spectrum management, and international standardization. The likely result of a short term limit on EBS leases would be that the potential to achieve the economies of scale and scope that will be achieved in other spectrum bands will likely not be achieved in the EBS band.

By curtailing the time over which costs can be recouped, artificial lease term limits on EBS spectrum will reduce network investment. First, a potential new 2.5 GHz wireless broadband operator must spend considerable resources transitioning the spectrum from its current configuration into one more useful for wireless broadband before even the first customer is served. Recouping the up-front investment and opportunity costs during the spectrum transition will require considerable time. Second, potential new 2.5 GHz wireless broadband operator faces large sunk costs that cannot be recovered without a large customer base. If a commercial operator cannot secure access to the spectrum long enough to recoup costs, then the operator runs the substantial risk that opportunistic lessors will hold out for an amount below the inordinate costs the operator would incur in moving its customer base to another band or platform. Third, a new network requires years to develop a large customer base to use the network efficiently; therefore, the breakeven point will not occur until customer penetration is large enough to take advantage of the economies of scale the network offers.

Rather than erect new regulatory barriers to investment in the long-moribund 2.5GHz band, the Commission can help encourage the deployment of broadband – and the new and innovative services for consumers that will result – by allowing parties to freely negotiate terms in EBS leases as licensees in nearly every other terrestrial wireless service do today. With this flexibility, lessees can bargain for extended leases that will provide certainty and help justify the capital investment these new networks will require.

Respectfully submitted,



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