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FCC Bureaus Approve Bell Atlantic/Vodafone and VoiceStream/Aerial License Transfers and Assignments – Two New National Wireless Competitors to be Created

Washington, DC -- The Federal Communications Commission's Wireless Telecommunications and International Bureaus have granted approval for Bell Atlantic Corporation (Bell Atlantic) and Vodafone AirTouch, Plc (Vodafone), a U.K. corporation, to transfer control of or their U.S. wireless licenses and authorizations to Cellco Partnership (Cellco). The bureaus also have approved the transfer of control of licenses and authorizations from Aerial Communications, Inc.(Aerial) to VoiceStream Wireless Corporation (VoiceStream). The bureaus concluded that these transactions do not present competitive concerns. Rather, the creation of two new national wireless competitors likely will result in a various number of public interest benefits.

Cellco will be the vehicle for Bell Atlantic and Vodafone to form a domestic, nationwide wireless business that will combine their cellular, PCS, paging, and other wireless properties in the United States. According to the applicants, the combination of their domestic wireless operations will result in Cellco having the capability of serving more than 90 percent of the U.S., 49 of the top 50 wireless markets, and 209 million people, making Cellco one of the largest wireless providers in the country. The companies also state that they intend to initiate "national-one-rate" service to compete with current national service providers.

The combination of VoiceStream and Aerial, according to the applicants, will bring together two major providers of GSM services in the U.S., creating one of the largest wireless carriers in the country by population covered and one of the largest entities in the world employing GSM technology. Last month, the Commission approved the applications involved in VoiceStream's acquisition of Omnipoint, another major GSM carrier in the United States. VoiceStream's acquisition of Aerial will further enable international roaming throughout the 133 countries that have adopted a GSM standard. The combination of VoiceStream, Omnipoint, and Aerial creates a combined company that will hold licenses for areas covering more than 200 million people in the U.S., which the applicants state will facilitate creation of a seamless national network capable of competing with other established nationwide competitors.

Bell Atlantic/Vodafone: The applications of Bell Atlantic and Vodafone to transfer control of Bell Atlantic's current U.S. wireless licenses held in Cellco Partnership ("Cellco") and transfer control of or assign Vodafone's U.S. wireless licenses and international authorizations to Cellco were accepted for filing with the FCC on November 5, 1999. Specifically, today's Bell Atlantic/Vodafone transaction approval was conditioned on: (1) the divestiture of overlapping cellular interests to comply with the FCC's rules; and (2) compliance with a March 15, 2000, Agreement among Bell Atlantic, Vodafone, the Department of Defense, the Department of Justice, and the Federal Bureau of Investigation addressing national security, law enforcement, and public

safety issues. The order denies a petition to deny filed by United States Cellular Corporation pertaining to internal partnership issues of a cellular licensee in the Los Angeles MSA.

With respect to the provision of domestic mobile wireless operations, Bell Atlantic and Vodafone currently have independent wireless interests that overlap only in five southwestern U.S. markets. On February 1, 2000, Bell Atlantic, Vodafone, and ALLTEL filed applications for consent to assign these properties to ALLTEL Corporation. As part of this transaction, Cellco will also acquire certain properties from ALLTEL. On February 11, 2000, a Public Notice was issued accepting these applications for filing. No petitions to deny were filed in response to the Public Notice. In another action today, these applications were granted by Public Notice. In addition, Bell Atlantic and Vodafone currently each own 50 percent of PrimeCo Personal Communications, L.P., which is authorized to provide wireless services in 18 states, and most of PrimeCo's licenses will also be transferred or assigned to Cellco.

VoiceStream/Aerial: The applications filed by VoiceStream and Aerial to transfer control of Aerial's licenses and authorizations from Aerial's parent corporation, Telephone Data Systems, Inc., to VoiceStream were accepted for filing with the FCC on January 7, 2000. In addition to granting those applications, the bureaus also granted, in part, a Request for Declaratory Ruling regarding certain Commercial Mobile Radio Service (CMRS) spectrum cap attribution issues filed in connection with the proposed transfers of control.

Specifically, the approval was conditioned on (1) compliance with a January 22, 2000 Agreement among Aerial, VoiceStream, the Department of Justice, and the Federal Bureau of Investigation addressing national security, law enforcement and public safety; and (2) divestiture of certain interests to bring the parties into compliance with the Commission's CMRS spectrum cap rules. With respect to properties in 24 overlapping markets, the bureaus afforded the parties limited additional time to come into compliance with the spectrum cap rules.

Standards for FCC Review: Pursuant to sections 214 (a) and 310 (d) of the Communications Act (the Act), the FCC must determine whether the applicants have demonstrated that their proposed transaction will serve the public interest, convenience, and necessity. The bureaus found that both transactions – Bell Atlantic/Vodafone and VoiceStream/Aerial - pose no harm to U.S. telecommunications markets and would permit the merged companies each to form a wireless network capable of competing with other companies that provide national service. Under section 310(b)(4) of the Act, the bureaus also analyzed the foreign ownership implications of the proposed transactions and found them both to be in the public interest.

Action by the Chief, Wireless Telecommunications Bureau, and Chief, International Bureau, March 30, 2000, by separate Memorandum Opinion and Orders (DA 00-721 and DA 00-730).

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