

November 7, 2003

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Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-A325
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: In the Matter of Improving Public Safety Communications
in the 800 MHz Band, WT Docket No. 02-55 EX PARTE

Dear Ms. Dortch:

On October 27, 2003, Verizon Wireless filed an appraisal conducted by Kane Reece Associates regarding the increased value of Nextel's spectrum holdings should the FCC adopt Nextel's "Consensus Plan" ("Nextel Plan"). Using sound and commonly employed valuation methods in conformity with the Uniform Standards of Professional Appraisal Practice, Kane Reece found that the increase in the value of Nextel's spectrum holdings, after considering the present value of its proposed relocation costs, to be \$6,485,000,000. Thus, if the FCC were to adopt the Nextel Plan *in toto*, the value of Nextel's spectrum holdings is projected to increase \$6,485,000,000¹. This increase in value would nearly double their total net intangible assets (which takes account of FCC licenses, goodwill and customer lists) on the balance sheet of Nextel Communications, Inc. and its subsidiaries at the end of the third quarter, 2003 (Nextel's net intangible assets are \$6.937 billion on that date²). Cingular Wireless LLC ("Cingular") concurs with the analysis and conclusions in the Kane Reece Associates' appraisal.

In its February 10, 2003 comments in this proceeding, Cingular noted a Legg Mason report suggesting that the conversion of Nextel's 800 MHz spectrum holdings from a non-contiguous alignment to a contiguous alignment would increase the net value (after deducting the \$850M contribution) of its 800 MHz spectrum holdings by \$1,300,000,000³. Thus, if the FCC were to adopt only the 800 MHz rebanding portion of Nextel's Plan, the value of Nextel's intangible assets, including its FCC's licenses, is projected to increase by approximately 19%.

Any "compromise" between these two scenarios (*e.g.*, 800 MHz rebanding only or 800 MHz rebanding combined with a 10 MHz block in the 1.9 GHz band), would yield

¹ By allocating valuable spectrum at inexpensive prices to Nextel, the Commission would create a large competitive advantage to Nextel to the detriment of its competitors who have to fulfill their spectrum needs by purchasing spectrum at fair market value.

² See www.Nextel.com.ThirdQuarter2003Results

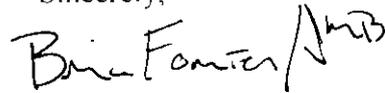
³ See Comments of ALLTEL Communications, Inc., AT&T Wireless Services, Inc., Cingular Wireless, Sprint Corporation, Southern LINC, and United States Cellular Corporation, at 36 (February 10, 2003).

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to Nextel an unwarranted increase in the value of its spectrum holdings between \$1,300,000,000 and \$6,485,000,000

While Cingular is not addressing the other blatant infirmities of the Nextel Plan at this time, Cingular again urges the Commission to adopt the Balanced Approach plan put forward by a large number of 800 MHz licensees

Sincerely,

A handwritten signature in black ink that reads "Brian Fontes" with a stylized flourish or initial to the right.

Brian F. Fontes
Vice President-Federal Relations