

**Arch-Metrocall Transfer of Control**  
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<b>Market</b>	<b>Local Paging Competitors</b>
	Texacom Corp. Awesome Paging, Inc. BayStar Communications Houston Telephone & Paging Express Message Corp. Aquis Communications AZLE Communications United Communications Link Two Communications
Dallas	AZLE Communications BayStar Communications Central Mobilephone, Inc. TexaPage, N.E., Inc Mobile Phone of Texas, Inc. Link Two Communications Aquis Communications SkyTel Teletouch Communications Verizon Wireless Beeper Systems, Inc. Express Message Corp Corsicana Paging Service Awesome Paging
Washington, DC	Hello Pager Co. PennSel Communications Salisbury Mobile Telephone Aquis Communications Verizon Wireless Schuylkill Mobile Fone Alpha Message Center, Inc. Redi-Call Communications Ace Communications Network Services, LLC Rockland Communications, Inc.
San Francisco	Verizon Wireless SkyTel North State Communications AirStar Paging, Inc. Advanced Paging Cook Paging Network Services LLC Wireless For Less Gilcomm LLC Kwik Page Fast Page
Boston	Verizon Wireless

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Market	Local Paging Competitors
	SkyTel Aquis Communications Wavecomm Northeast Paging Aquis Communications Network Services, LLC Electronic Sales & Service Rinkers Communications Rockland Communications
Detroit	Futronics Paging, Inc. ALLTEL Ray's Mobile Communications Pro-Cor, Inc. Indiana Paging Network, Inc. SkyTel Verizon Wireless Alert Communications Ameritech Mobile Port City Communication
Philadelphia	Pennsel Communications Alpha Message Center, Inc. Salisbury Mobile Telephone Schuylkill Mobile Fone Lancaster Radio Paging Indiana Paging Network, Inc. Redi-Call Communications Electronic Systems Co., Inc. SkyTel Verizon Wireless Redi-Call Communications Lebanon Mobile Fone Scott Communications Aquis Communications Network Services, LLC Rockland Communications, Inc.
Chicago	Two-Way Communications Indiana Paging Network, Inc. Metamora Telephone Co. Advantage Paging, Inc. JSM Tele-Page, Inc. SkyTel Verizon Wireless A Beep LLC Heartland Communications Ameritech Mobile Future Communications

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<b>Market</b>	<b>Local Paging Competitors</b>
Los Angeles	Fisher Wireless Services, Inc. Air Star Paging, Inc. RadioCall Acquisitions Network Services, LLC SkyTel Verizon Wireless Cook Paging Wireless For Less Shelcomm Kwik Page Gilcomm LLC
New York	SkyTel Verizon Wireless Electronic Systems Co. Salisbury Mobile Telephone Redi-Call Communications Lancaster Radio Paging, Inc. Pennsel Communications Network Services, LLC Aquis Communications Schuylkill Mobile Fone Farkill Communications Paging Associates, Inc. Rockland Communications

Paging customers are very price sensitive and tend to purchase the least expensive service available that suits their needs.<sup>83</sup> Accordingly, paging carriers keep their prices low in order to retain customers in the relevant local geographic market. Metrocall typically charges \$7.95 per month for non-volume local numeric paging and \$13.95 per month for local alphanumeric paging,<sup>84</sup> while Arch's monthly charges for these services are approximately \$8.00 and \$13.00 respectively.<sup>85</sup> Competing paging providers also charge local customers approximately the same amount for monthly services.

<sup>83</sup> See Strategis Report at 38.

<sup>84</sup> See <http://storefront.metrocall.com>.

<sup>85</sup> See [www.arch.com](http://www.arch.com).

Indeed, competition at the local level is fierce. And smaller local and regional providers are often among the fiercest competitors. For example, in 2003 Arch lost the 2,150-pager account for the State of Kentucky when the state switched to local providers Satellink and Appalachian Wireless. In Florida, a local firm called Network Services beat Arch in a closed bid competition to service 1,550 paging units for the Palm Beach County Schools – a contract which Arch had previously held for years. Network Services also induced three Metrocall accounts (Brandon Regional, Fargo Medical, and Ed White Hospital) with roughly 700 units to switch to it. And in its own backyard, Arch lost its account to provide 1,700 pagers to Boston's Lahey Clinic to a local firm called United Communications. Schuylkill Mobile Fone beat Metrocall for the contract to provide more than 2,000 units from three separate medical centers in Pennsylvania (Allied Medical Center, Geisinger Medical Center, and Hershey Medical Center). Local and regional firms can, and do, provide effective competition in their respective local markets.

In addition to facilities-based paging competitors, another source of competition to the post-merger company is resellers. There are numerous resellers in most local markets in the U.S., and they bid aggressively for the best wholesale prices, shopping among the many facilities-based providers who are eager to sell under-utilized capacity in the current competitive environment. By shopping the many carrier competitors and obtaining paging service at low wholesale rates, resellers are able to provide paging service at competitive retail rates.

In addition to their choice among many viable third-party paging providers, local paging customers also may self-provision their own paging services. Many paging

consumers such as hospitals, local government entities, and small businesses have chosen to construct and operate their own paging systems, rather than to outsource their paging needs to a third-party provider such as Arch or Metrocall. Industry sources estimate that for an average sized hospital (100-150 beds), a small paging network can be constructed for as little as \$25,000.<sup>86</sup> The required equipment consists of a transmitter, terminal, pagers, and some ancillary equipment.<sup>87</sup> The FCC has many frequencies available for commercial entities and non-commercial entities, such as health care providers, that could readily construct their own communications systems if retail prices were to rise.<sup>88</sup>

Indeed, numerous hospitals and small businesses have already opted for their own paging systems. In the greater New York metropolitan area alone, with numerous local paging carriers from which to choose, seven hospitals, eleven local businesses, and three local government entities have their own paging systems. In Atlanta, Emory Medical started its own in-house paging system several years ago; it currently operates nine transmitters throughout the Atlanta metropolitan area. Similarly, Wake Forest Baptist Medical Center recently transitioned to its own in-house paging system.

Additionally, Veterans' Affairs ("VA") hospitals, on their own and through government contractors, now typically provide their own wireless networks. VA hospitals are allotted numerous government frequencies in the 162-174 MHz band for

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<sup>86</sup> Data provided by PageCorp Industries, a paging equipment supplier.

<sup>87</sup> Id.

<sup>88</sup> See, e.g., 47 C.F.R. §§ 90.20; 90.35.

wireless communications.<sup>89</sup> One government contractor and a subcontractor supply wireless voice and data services to more than 167 VA hospitals throughout the U.S.<sup>90</sup>

The presence of multiple effective competitors with excess capacity in each local paging market prevents any one of those competitors from unilaterally imposing supra-competitive pricing. That is, if the post-merger company attempted to raise prices (or maintain prices at an elevated level), customers could easily switch to another mobile communications provider – including other traditional paging services. As a result, any attempt by the post-merger company to raise prices would be unprofitable.

Consequently, the post-merger company will be constrained in its pricing and service practices in the local markets, not only by competition from other paging and mobile communications carriers, but also by the ability of many of its largest customers to self-provision paging services. No paging carrier, large or small, can profitably raise prices or neglect the quality of the services it provides.

4. The Wireless Market Will Not Become Concentrated as a Result of the Merger, and Entry Barriers will Remain Low.

The FCC has measured market concentration in the paging sector by the number of frequencies that will be available after a merger in a given market.<sup>91</sup> In other words, when a proposed merger of paging companies results in the two entities controlling a number of paging frequencies in a given market, the FCC considers barriers to entry to be low if a significant number of frequencies remain available to potential competitors in

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<sup>89</sup> See Manual of Regulations and Procedures for Federal Radio Frequency Management, May 2003, U.S. Department of Commerce, National Telecommunications and Information Administration, at § 4.3.7.

<sup>90</sup> See VA Secures, Speeds Access, [FCW.com](http://FCW.com) October 30, 2002.

<sup>91</sup> See James F. Rill, 66 RR 2d 583, ¶ 57 (1986).

that market.<sup>92</sup> For example, in a case where 57 out of 93 frequencies in a market (61%) had previously been assigned, the FCC determined that a proposed merger was not anticompetitive because 39% of the frequencies remained available to competitors.<sup>93</sup>

a. **The Merger Will Not Result in Significant Spectrum Concentration.**

One measure of market concentration is by spectrum concentration: the number of paging/messaging frequencies that will be available after a merger in a given market.<sup>94</sup> Because paging spectrum is the underlying commodity necessary to provide paging services, the availability of paging spectrum is a key to potential entry. Regulators have therefore determined that, if a significant number of frequencies are controlled by or are available to the post-merger company's actual or potential competitors, a merger in that industry would not be anticompetitive.<sup>95</sup> If a significant number of frequencies remain available to potential competitors in that market, it is considered unconcentrated.<sup>96</sup>

The FCC currently allocates 155 exclusive paging frequencies in each paging market: 120 paging and radiotelephone frequencies<sup>97</sup> and 35 private carrier paging frequencies.<sup>98</sup> There are also five shared 929 MHz frequencies allocated in every market,<sup>99</sup> and more than a dozen lower-band shared paging frequencies in the Industrial/Business Pool.<sup>100</sup> An average of 44.8% of the exclusive paging frequencies are

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<sup>92</sup> Id.

<sup>93</sup> Id.

<sup>94</sup> Id.

<sup>95</sup> See Horizontal Merger Guidelines, U.S. Department of Justice and Federal Trade Commission (1997) ("Merger Guidelines") at § 1.41. See also Arch/PageNet Order, 16 FCC Rcd. 3675, ¶ 15.

<sup>96</sup> Id. In Rill, for example, where 57 out of 93 frequencies in a market (61%) had previously been assigned, the FCC determined that a proposed merger was not anticompetitive because 39% of the frequencies remained available to competitors.

<sup>97</sup> See 47 C.F.R. §§ 22.531, 22.561

<sup>98</sup> See 47 C.F.R. § 90.493.

<sup>99</sup> See 47 C.F.R. § 90.494.

<sup>100</sup> See 47 C.F.R. § 90.35.

available, and will remain available post-merger, in each of the top ten markets in which Arch and Metrocall currently compete. Because of the large number of available paging frequencies in each market, new competitors can enter, or current competitors can expand, after the proposed merger.<sup>101</sup> For example, in the greater New York metropolitan area, the post-merger company's local paging competitors currently hold 46 paging frequencies.

Moreover, there are many options for potential paging providers to obtain paging spectrum. One option is to participate in the FCC's periodic auctions to obtain licenses for exclusive paging frequencies. The paging licenses offered at auction have large geographic service areas called Economic Areas ("EAs") and Major Economic Areas ("MEAs").<sup>102</sup> Auction participants may bid for as many EA or MEA licenses, as they so choose. During the period of 2000-2003, the FCC has held three paging auctions, which have provided plenty of opportunities for competitors to enter the market.<sup>103</sup>

During the most recent paging auction, held in May 2003, the FCC offered 10,202 licenses for bid.<sup>104</sup> Ninety-six bidders won 2,832 of the licenses offered, leaving 7,370 licenses available for future licensing.<sup>105</sup> Paging licensing costs today are quite low, with EA licenses going for an average bid of \$1,130.<sup>106</sup>

Another option for potential entrants is to acquire spectrum from existing paging licensees. Paging licensees, and licensees in other wireless services, may assign their

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<sup>101</sup> See Rill at ¶ 57.

<sup>102</sup> See Lower and Upper Band Paging Auction Closes, DA 03-1836 (rel. May 30, 2003) ("Paging Auction Public Notice").

<sup>103</sup> See wireless.fcc.gov/auctions. The first paging auction was held in February/March 2000, the second auction was held in December 2001, and the third auction was held in May 2003. *Id.*

<sup>104</sup> See Paging Auction Public Notice.

<sup>105</sup> *Id.*

<sup>106</sup> *Id.* at Attachment A.

licenses to other entities, subject to FCC approval and other regulations.<sup>107</sup> Paging licensees who have won geographic licenses in the FCC's spectrum auctions may partition or disaggregate their licenses, so that new entrants need only obtain the amount of spectrum or geographic coverage that they need.<sup>108</sup> Likewise the FCC recently adopted rules to permit "spectrum leasing," which should further ease entry for potential paging carriers.<sup>109</sup>

Given the wide availability of paging spectrum capacity, and broad distribution of licenses, it is evident that the post-merger company will not control enough spectrum to raise any anticompetitive concerns.

b. The Merger Will Not Concentrate Output Capacity.

The Merger Guidelines state that market share (and thus, by proxy, the competitive significance of a merger) can be measured either in terms of each firm's actual output, measured either in dollar or product unit terms, or else in terms of each firm's capacity to produce that output. Although the Commission is not bound by those Guidelines, an analysis of market share under the Guidelines may be instructive. Even if one were to assume, contrary to the facts, that traditional paging constitutes a distinct product market, this merger would not result in any anticompetitive concentration in that market. In this case, as explained below, each messaging competitor is able to produce virtually unlimited quantities of messaging services, so that the relative concentration in

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<sup>107</sup> See 47 C.F.R. § 1.948.

<sup>108</sup> See 47 C.F.R. § 22.527.

<sup>109</sup> See Promoting Efficient Use of Spectrum Through Elimination of Barriers to the Development of Secondary Markets, FCC 03-113 (rel. Oct. 6, 2003) ("Secondary Markets Order"). Since carriers would not need to acquire a license, entrants avoid the costs associated with bidding and/or license assignment. Entrants can obtain spectrum quickly because leasing avoids the assignment process, and lessees obtain only as much spectrum as they need for their particular businesses. See *id.* at ¶ 45.

this market is a factor of the number of competitors, and not necessarily their actual (current) output.

The following table depicts the relative capacity of a single paging transmitter using certain commonly-used messaging technologies.<sup>110</sup>

<u>Protocol/Baud Rate</u>	<u>Number of Paging Units That Can Be Supported on a Single Channel</u>
POCSAG 1,200	73,440
POCSAG 2,400	147,168
FLEX 1,600	82,602
FLEX 3,200	165,204
FLEX 6,400	330,409

This table shows that with a tiny amount of spectrum (one paging channel), and a very limited infrastructure (a single transmitter), a carrier can provide service to tens of thousands of units. Moreover, with a small amount of additional spectrum, a carrier could provide service to hundreds of thousands, or even millions, of units.

It is plain that in local markets in which Arch and Metrocall operate, the post-merger company's competitors have abundant capacity in their paging systems, and could increase their subscriber numbers in response to a price increase by the post-merger company. In New York, for example, the competitors hold 46 paging channels. At the 1200 baud rate, the competitors' capacity would be 3,378,240 paging units; at the 2400

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<sup>110</sup> Factors such as efficiency rates, traffic mix, call rates and message length all affect the capacity available on a given paging channel. In this analysis, Arch and Metrocall make the following assumptions: 1) ninety percent (90%) efficiency; 2) eighty percent (80%) Numeric and twenty percent (20%) Alphanumeric traffic mix; 3) .25 for Numeric and .30 for Alphanumeric call rates per hour; and 4) ten (10) digits transmitted per call for Numeric and Forty (40) characters for Alphanumeric. The applicants believe these assumptions are realistic and may, if anything, understate the number of customers that can be supported.

baud rate, the competitors' capacity would be 6,756,480. The total population of New York City is 8 million.<sup>111</sup> The total number of paging units in service in the United States is only 12 million.

These basic calculations demonstrate the vast amount of paging capacity available, relative to the number of potential customers. If there are 12 million paging subscribers in the United States among a population of 290 million, that means that slightly more than one out of 25 Americans subscribes to paging service. If this holds true across regions and cities, there would be no more than 240,000 paging units in the Washington DC metropolitan area; 220,000 in greater Boston; 830,000 in metropolitan Los Angeles, and 990,000 in the New York metropolitan area.<sup>112</sup> In DC or Boston, a single carrier with one paging channel and a FLEX 6,400 baud transmitter could serve all of the paging demands of every single paging subscriber in the market, or if it used the older analog technology (POCSAG 2,400 baud) it would need only two channels. In Los Angeles or New York – by far the most populous areas in the nation – it would take just three channels to serve all of the paging subscribers on a 6,400 baud transmitter, or seven channels using the older 2,400 baud equipment.

Of course, a firm does not need to be capable of absorbing the entire consumer market in order to restrain anticompetitive conduct. The real question is whether the firm could absorb enough of the market to make a small price increase by another provider unprofitable. Given that a small firm can serve such a large proportion of the market with a single transmitter using archaic analog 1,200 baud technology, it would appear

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<sup>111</sup> See <http://www.ci.nyc.ny.us/html/dcp/html/census/popdiv.html>.

<sup>112</sup> Figures are five percent of the total population of each Basic Trading Area ("BTA") based on 2000 census. See Rand McNally, 2002 Commercial Atlas & Marketing Guide, at 40-43 (2002).

extremely unlikely that any small, but significant, non-transitory increase in prices would be profitable for the post-merger company.

Taken together, this evidence shows that each paging carrier would be easily capable of increasing its own output by an amount sufficient to offset any decrease in output undertaken by a competitor in an effort to raise prices. Because each carrier possesses abundant excess capacity and has the ability to expand output in a timely and sufficient fashion (if necessary), there is no way for one carrier to increase prices by decreasing the output of service to customers. That is, no carrier could raise prices by unilaterally withholding some portion of the output that it is capable of producing.

c. Paging Prices are Further  
Disciplined by Potential Entry.

There are essentially no barriers to entry for paging services. As described above, there is no shortage of available spectrum licenses, which may be obtained either from the FCC or in private transactions. And paging spectrum is cheap. In the most recent paging auction, the paging licenses that were sold went for an average bid of \$1,130.<sup>113</sup>

It is not difficult to acquire the necessary network and consumer equipment. There remains a large market in second-hand equipment that is fueled by decreased demand, bankruptcy liquidations and the like. A paging start-up could obtain used paging equipment that is routinely offered for sale in venues ranging from trade publications to online auction sites. Indeed, a search for the term “paging transmitter” on the eBay auction site generally turns up one or more pieces of used equipment for sale. The robust market in re-sold paging services further eases entry by enabling erstwhile

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<sup>113</sup> See Paging Auction Public Notice at Attachment A.

providers with limited or no facilities to compete for business that may require a broader coverage area than their facilities may provide. Nor is there any particular technical challenge to providing a service as simple as traditional paging. Because paging service is generally considered a commodity product, entry would not be deterred by the lack of an established brand.<sup>114</sup>

Even more likely than new entry by paging start-ups would be an expansion by existing telecommunications carriers, or self-provisioning by existing customers. Most wireless telephone carriers currently offer some sort of paging service bundled with their core wireless telephony. If supra-competitive profits ever became available in paging, it would be simple to restructure their existing offerings slightly in order to provide a pure-paging service, or whatever other service the market demanded. For example, AT&T Wireless has touted its “Wireless Office System” by which customers such as the Cedars-Sinai Medical Center in Los Angeles could facilitate internal communications by providing each user “with a single five-digit extension, allowing them to be reached via wireless phone, pager, or desk line – inside or outside the company’s building or campus,” in addition to enabling data functions such as writing prescriptions on a wireless PDA or accessing patient records on a laptop.<sup>115</sup> Similarly, examples abound of self-provisioning by hospitals and other institutional customers.<sup>116</sup>

5. **The Proposed Merger Will Create  
Efficiencies That Will Benefit Consumers.**

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<sup>114</sup> For example, Arch believes that it has very low brand recognition among consumers.

<sup>115</sup> Wireless Office Service Enhances Patient Care by Providing Immediate Access to Physicians on the Move, PR Newswire (May 15 2001).

<sup>116</sup> See, e.g., “Hospitals Wheel in Wireless Future,” City Business – Minneapolis, Vol. 16 No. 41, p. 19 (March 5, 1999).

The Commission reviews proposed transactions to evaluate the merger-specific efficiencies that will result from the combination of two telecommunications companies.<sup>117</sup> These efficiencies may include cost reductions, productivity enhancements, improved incentives for innovation, and advancement of other FCC policy goals. For example, the following efficiencies have been found to hold public interest benefits: (a) more efficient use of spectrum; (b) additional services that would be provided to current customers; and (c) the combined company's increased ability to compete in the mobile communications marketplace.<sup>118</sup> The proposed merger between Metrocall and Arch will result in a number of such efficiencies. For example, the post-merger company will be able to eliminate redundant transmitters, which should result in substantial cost savings and lower the technical costs per paging unit. Metrocall currently has roughly 3.5 million units in service and approximately 8,700 transmitters, while Arch has approximately 4.4 million units in service and approximately 11,200 transmitters. Many of each company's transmitters cover areas that overlap the other's.

The combined company will be able to take the redundant transmitters out of service with no service degradation, which will increase network utilization on fewer frequencies and minimize operating costs. The companies estimate that the technical costs per unit in service will decrease substantially.

The proposed merger will also result in technical efficiencies regarding the companies' two-way messaging services. Metrocall and Arch each currently have nearly coextensive nationwide ReFLEX 25 two-way messaging networks. Each network has:

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<sup>117</sup> See, e.g., In the Matter of NYNEX Corporation and Bell Atlantic Corporation, 12 FCC Rcd. 19985 (1977).

<sup>118</sup> See e.g., In the Matter of Pacific Wireless Technologies, Inc. and Nextel of California, Inc., 16 FCC Rcd 20341, ¶ 18 (2001).

(a) more than 2,000 sites; (b) between 300,000 and 400,000 subscribers; and (c) between \$50 million and \$60 million in operating costs. The technical costs for the respective networks average \$13.54 per month per subscriber.

By combining these two networks, the post-merger company will have the opportunity to eliminate approximately half of the two-way transmitter sites, which would allow it to serve its combined approximately 700,000 subscribers on roughly 2,000 sites, which will reduce operating costs by millions of dollars per year. Moreover, because the ReFLEX 25 protocol allows for high-speed service and flexible operations, the combined network will allow the post-merger company to provide more advanced messaging services needed to compete in the highly competitive mobile communications marketplace.

The combined company also plans to eliminate redundant finance, billing and administrative functions, and combine its sales and customer service forces. Arch and Metrocall estimate that these various economic efficiencies will result in annualized savings of between \$40.8 million and \$55.4 million in the first year alone.

The cost savings that will result from these efficiencies will benefit the post-merger company's extant customers and new subscribers, as the combined company will be able to pass savings on to their customers and to continue to provide competitive one-way and two-way services. These efficiencies will also result in more efficient use of the spectrum.

The proposed merger will allow Metrocall and Arch to improve their financial conditions. Both companies have filed for bankruptcy protection in the last few years.<sup>119</sup> Both companies have also experienced substantial quarterly revenue losses during the past several quarters, due mainly to losses in their one-way paging revenue bases. Metrocall reported a net decline of 254,440 units in service from December 31, 2002 through December 31, 2003, while Arch reported a loss of 1,203,000 units in service during that same period.<sup>120</sup>

The proposed merger will enable the combined company to provide additional services to existing customers. For example, Metrocall offers a variety of communications and information services through distribution agreements that could immediately be made available to Arch customers who currently cannot obtain these products from one service provider. These services include the Integrated Resource Management System ("IRMS," which combines proprietary intellectual property of Metrocall and third parties), which interfaces through enterprise clients or Web browsers, to permit customers to integrate telephony functions from their PBX systems and create applications such as integrated nationwide employee directories or automated alerting applications. Metrocall also distributes a number of two-way voice and data services that would be made available to Arch's customers post-merger.

The proposed combination of Arch and Metrocall's networks will also enhance each company's existing network coverage. Current customers of Arch and Metrocall will receive service in areas previously unserved by either of the companies alone. For

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<sup>119</sup> See In re Metrocall, Inc. et al., Case No. 02-11579 (Bankr. D. Del. 2002); In re Arch Wireless, Inc., Case No. 01-47330 (Bankr. W.D. Mass. 2001).

<sup>120</sup> See Metrocall Form 10-K, p. 8 (filed March 25, 2004); Arch Form 10-K, p. 5 (filed March 1, 2004).

example, Metrocall's coverage in Maine, Montana, Vermont, Idaho, Wyoming, and Puerto Rico will be improved because Arch has materially more coverage in those states than Metrocall. The proposed transaction will improve Arch's coverage in Kansas and Virginia, where Metrocall has materially more coverage. In some states, such as Arkansas, both Arch and Metrocall cover significant, but different, portions of the state.<sup>121</sup>

In order to be successful in the mobile telecommunications market, it is critical that Metrocall and Arch have the breadth of assets, technology and marketing skills necessary to position themselves and to compete against their formidable competitors such as SkyTel, Nextel, Cingular, Sprint PCS, T-Mobile and Verizon Wireless. These companies have enormous financial, spectrum, and marketing capabilities, and thus have significantly greater resources than the combined company will ever have.

By combining their networks, Arch and Metrocall will combine unique attributes (e.g., distribution channels, network and operating systems), achieve cost efficiencies through the combined company's size, and hold sufficient spectrum to roll out new, innovative products and services in competition with mobile telephony providers with substantially greater resources and spectrum. This will enable the post-merger company to compete more vigorously vis-à-vis other mobile communications providers, and meet the public demand for higher quality and advanced paging services at competitive prices.

### **III. CONTINUED SERVICE TO CUSTOMERS**

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<sup>121</sup> Areas of differing coverage were determined using the mapping function of the Commission's ULS database. Since this information was derived from the Commission's own public records, the parties have not printed out and attached that information; however, they will do so if the Commission so requests.

This merger will have nothing but positive impacts on customers. As the paging market dwindles, firms continually struggle to hold onto their existing subscribers. Newco will be no exception, and has no intention of discontinuing or disrupting service to the existing customers of Arch or Metrocall. As the parties complete the integration of their companies, they intend to rationalize their networks, and may occasionally need to switch customers to different frequency bands, and change out certain customer equipment. However, given the marketplace realities, it will be in Newco's best interest to do so in a way that avoids discontinuance or significant disruption of service to customers.

On the contrary, the basic premise of this merger is that this combination will allow the resulting entity to achieve the efficiencies and synergies that are necessary to its continued viability going forward. This merger will not disrupt service to customers; rather, it will help to preserve and enhance service for all current and prospective customers.

#### **IV. QUALIFICATION OF THE PARTIES AS LICENSEES**

Metrocall and Arch are qualified to hold FCC licenses. Through various corporate organizational structures, the Metrocall corporate family has provided paging and messaging services for more than thirty years; as long-term licensees and/or affiliates of various licensees, the Metrocall companies have been found by the Commission to be qualified to hold licenses in numerous radio services. The credentials of Arch and its subsidiaries as licensees have likewise been established over a period of years by their qualification to hold thousands of Commission authorizations.

Newco intends to file a Form 602 ownership disclosure roughly contemporaneously with this application. At this time it appears that no foreign individual or entity will hold a significant portion of Newco's equity, and that foreign individuals and/or entities will not in the aggregate hold more than 20 percent of Newco's equity.

Newco, which will be owned by the owners of Arch and Metrocall, will retain the legal, technical and financial qualifications of the long-time carriers who combined to create it. Indeed, by consolidating the best aspects of each party's business, Newco will be even stronger financially than either transferor alone, and will recognize cost savings and other efficiencies that will allow for greater technological innovation.

**V. CONCLUSION**

For all the foregoing reasons, Metrocall and Arch respectfully submit that the proposed transfer of control of their respective licensee-subidiaries to Newco will serve the public interest, and the Commission's consent should be expeditiously granted.