



# NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.  
See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

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## **FCC CONSENTS TO SPRINT CORPORATION ACQUISITION OF NEXTEL COMMUNICATIONS LICENSES AND AUTHORIZATIONS**

WASHINGTON, D.C. – Today, the Federal Communications Commission (FCC) consented to the applications filed in connection with the proposed merger of Sprint Corporation (Sprint) and Nextel Communications, Inc. (Nextel). Sprint is currently the third largest provider of commercial mobile telephone service based on subscribership, while Nextel is the fifth largest.

With today's action, the Commission approves the transfer of control of all licenses and authorizations held directly and indirectly by Nextel to Sprint. These licenses and authorizations include: Specialized Mobile Radio (SMR) licenses in the 800 and 900 MHz bands, licenses in the 1.9 GHz band that resulted from the 800 MHz rebanding proceeding, Broadband Radio Service (BRS) licenses in the 2.1 and 2.5 GHz bands, and leases of Educational Broadband Service (EBS) spectrum in the 2.5 GHz band.

The FCC concluded today that Sprint's acquisition of Nextel's licenses will serve the public interest, convenience, and necessity, and that the likely public interest benefits of the merger outweigh any potential public interest harms. These public interest benefits include enhanced service quality and broader deployment of advanced wireless services. Based on the record developed in this proceeding, the FCC believes this transaction is unlikely to result in collusive, anti-competitive behavior or create unilateral market power on the part of the merged entity. In addition, the FCC finds that there are no local markets where the post-merger competitive environment would require a divestiture of spectrum, networks, or customers.

In analyzing the effects of the proposed merger on the mobile telephony market, the Commission concluded that, in the post-merger market environment, there will be a continued presence of several other carriers with the ability to add subscribers and act as effective competitive constraints on the behavior of the merged entity. While the number of large nationwide carriers will be reduced from five to four as a result of the transaction, the FCC determined that carrier conduct will remain sufficiently competitive to ensure that market performance will not be impaired, and, given the expected benefits, the public interest will be enhanced on balance.

The FCC also analyzed the impact of the merger on roaming and imposed a condition specifying that Sprint Nextel may not prevent its subscribers from reaching another carrier and completing calls via manual roaming, unless specifically requested to do so by a subscriber. Given the broad scope of the roaming concerns raised in this proceeding, the FCC has decided that roaming issues would be more appropriately addressed in a separate proceeding. As announced in the FCC's Alltel-Western Wireless merger decision, the FCC plans to initiate a proceeding in the near future to examine whether the current roaming requirements applicable to mobile telephone carriers should be modified to address current market conditions and developments in technology.

With regard to the effect of the merged entity's accumulation of BRS/EBS spectrum in the 2.5 GHz band, the FCC concludes that, because this spectrum is in an early state of transition to a new band plan and new uses by licensees, neither public interest harms nor benefits are likely to result in the near term from the merger. The Commission believes that this transaction will not have a negative impact on competition in the markets for the products that are or will ultimately be supported by this spectrum, whether they be voice, broadband, video, or other wireless services offered on mobile, fixed, or portable basis.

As a condition to its approval to the merger, the FCC is requiring that Sprint Nextel fulfill its voluntary commitment to meet certain milestones for offering service in 2.5 GHz band, unless circumstances beyond its control prevent the merged entity from reaching those milestones. In addition to other specific implementation requirements agreed to by Sprint Nextel, the first milestone requires Sprint Nextel to offer service using BRS/EBS spectrum to at least 15 million Americans within four years of the effective date of the order consenting to the merger, and the second milestone requires the company to serve an additional 15 million Americans within six years.

Finally, in their merger application, Sprint and Nextel stated that, if their transfer of control application were approved, Sprint would spin-off its local wireline business, Sprint Local Division. The Commission expressly notes that letters submitted by the CEOs of Sprint and Nextel represent commitments that the new local wireline company, LTD Holding Company, will receive an equitable debt and asset allocation at the time of its proposed spin-off so that the company will be a financially secure, Fortune 500 company.

Action by the Commission on August 3, 2005 by Memorandum, Opinion and Order, (FCC 05-148). Chairman Martin, Commissioners Abernathy, Copps, and Adelstein.

Attached are statements issued by Chairman Martin, and Commissioners Abernathy, Copps, and Adelstein.

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