



NEWS

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See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

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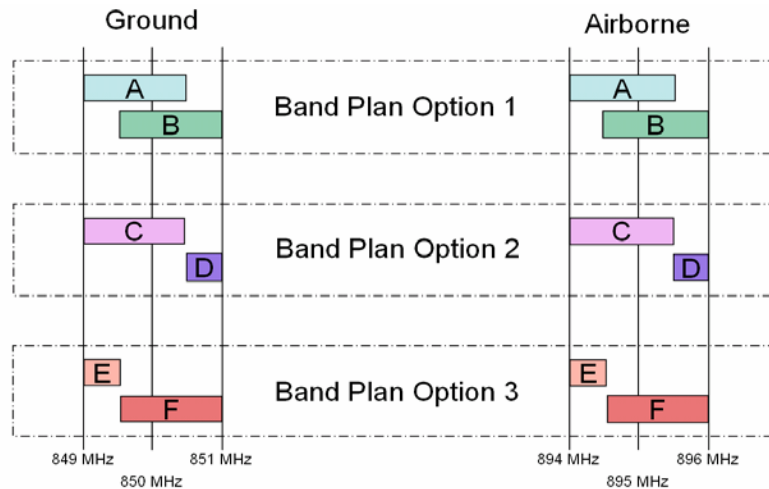
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FCC’S AUCTION OF AIR-GROUND SPECTRUM LICENSES CONCLUDES

Washington, D.C. – The Federal Communications Commission’s (FCC) auction of two nationwide Air-Ground spectrum licenses in the 800 MHz band ended on June 2, 2006, raising total net bids of \$38.3 million. The auction began on May 10, 2006 and closed after 144 rounds of bidding. The winning bidders for the two licenses were AC BidCo LLC and LiveTV, LLC.

The spectrum that was auctioned is currently used by Verizon Airfone to provide seat-back telephone service. However, Airfone’s non-renewable license expires in May 2010 and, within two years of the grant of the new Air-Ground licenses, the company must cease operations in the three MHz of the band corresponding to License C, thereby allowing the new licensee to begin providing service to the public. Airfone may continue to operate in the remaining one MHz of the band (corresponding to License D) until its license expires in 2010.

The conclusion of the Air-Ground auction marks the first time the FCC has auctioned spectrum licenses in different band plan configurations (see diagram below). In this auction, bidders could choose from three separate band plan options, each with two licenses, with the ultimate band plan being determined by the results of the auction. Licenses C and D in band plan option 2 received the highest aggregate bids, and band plan option 2 is therefore the winning band plan for this spectrum.



The three MHz C block license was won by AC BidCo LLC with a bid of \$31.3 million, and the one MHz D block license was won by LiveTV LLC with a bid of \$7 million. Winning bidders must make down payments on licenses ten business days after the release of the Wireless Telecommunications Bureau's Public Notice announcing the close of the auction. Winning bidders must also file their long-form applications (FCC Form 601) with the FCC within the same period. The grant of these licenses to the winning bidders is dependent upon the timely submission of their down payments and final payments, and the review of their long-form applications.

The four MHz of Air-Ground spectrum in the 800 MHz band can be used to provide a range of communications services to passengers on commercial and other aircraft, including broadband Internet access. The auction, however, does not affect the Federal Aviation Administration's (FAA's) and aircraft operators' rules and policies restricting the use of personal electronic devices (PEDs) on aircraft. The use of PEDs, including all wireless telephones, pagers, personal digital assistants, portable music players, video games, and computers, remains subject to the FAA's and aircraft operators' authority over in flight safety. In addition, the auction does not affect the FCC's ban on the use of wireless telephones on airplanes, which is intended to help prevent possible interference to terrestrial wireless systems. The FCC further notes that whatever the outcome of its proceeding examining the FCC ban on the use of wireless telephones on airplanes, the use of wireless telephones onboard airplanes will remain subject to FAA's safety regulation and airline carrier policies.

Further details about this and other FCC auctions can be accessed on the FCC's auctions web page at <http://wireless.fcc.gov/auctions>.

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News and other information about the FCC are available at www.fcc.gov.