

**DESCRIPTION OF THE TRANSACTION**

On January 24, 2001, Nextel Communications, Inc., Arch Wireless, Inc. (“Arch Wireless”) and certain of their subsidiaries entered into an agreement pursuant to which ACI 900, Inc. (“ACI 900”), a wholly-owned subsidiary of Nextel Communications, Inc. (“Nextel”), and AWI Spectrum Co., LLC (“Spectrum”) have filed this application with the Federal Communications Commission (“Commission”) seeking approval for Nextel’s subsidiary, ACI 900, to acquire from Spectrum the 900 MHz and 800 MHz Specialized Mobile Radio licenses (“licenses”) listed in this application.<sup>1</sup> These licenses presently are held by Spectrum, an indirect wholly-owned subsidiary of Arch Wireless. This application requests Commission approval of the proposed assignment to Nextel’s subsidiary, ACI 900, of 150 license authorizations, 134 of which are Major Trading Area (“MTA”) licenses covering 49 MTAs nationwide. The remaining fifteen 900 MHz licenses are Designated Filing Area (“DFA”) licenses.

The aggregate purchase price for the licenses to be assigned to Nextel’s subsidiary, ACI 900, is \$175 million. As part of this transaction, a Nextel subsidiary has made a secured loan to Spectrum in the principal amount of \$175 million. If, at the time of closing, Spectrum has not repaid the loan in full, then the remaining balance of the loan may be offset against the purchase price.<sup>2</sup>

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<sup>1</sup> The proposed assignment includes only a single 800 MHz license now held by AWI Spectrum Co, LLC, previously held by Arch Connecticut Valley, Inc., station WNAU450 located in Portland Maine.

<sup>2</sup> The \$175 million loan from a Nextel subsidiary is secured by a lien on substantially all of the assets of Spectrum, and by a guaranty from AWI Spectrum Holdings Co., Inc. (“Holdings”), a wholly-owned subsidiary of Arch Wireless and the owner of 100% of the

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In addition, a Nextel subsidiary has made an unsecured loan to Spectrum in the amount of \$75 million, which Spectrum has used to purchase \$75 million in Series F Cumulative Redeemable Preferred Stock of Arch Wireless (the "Series F Preferred Stock"). Upon the sale of the licenses, Spectrum will transfer the Series F Preferred Stock to the Nextel subsidiary in full satisfaction of the unsecured loan. Holders of the Series F Preferred Stock, including the Nextel subsidiary when it receives its shares, will have no voting rights. As a result, no change in the control of Arch Wireless will occur as a result of this transaction. Arch Wireless, however, may not take certain specified actions without the approval of a majority of the then-outstanding shares of Series F Preferred Stock, voting together as a single class.<sup>3</sup>

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membership interest in Spectrum. Holdings' guaranty is secured by a pledge of its membership interest in Spectrum.

<sup>3</sup> These limited approval rights are among those that the Commission has recognized as appropriate for a minority investor to protect its financial investment. Specifically, Arch Wireless may not: (i) authorize, increase the authorized number of shares of, or issue, any shares of any class or series of capital stock of Arch Wireless ranking prior to or on a parity with the Series F Preferred Stock; (ii) increase the authorized number of shares of, or issue any shares of Series F Preferred Stock; (iii) authorize, adopt or approve an amendment to the Restated Certificate of Incorporation of Arch Wireless that would decrease the aggregate number of authorized shares of Series F Preferred Stock below the number then outstanding, or alter or change the powers, preferences or special rights of the shares of Series F Preferred Stock so as to affect such shares of Series F Preferred Stock adversely; or (iv) reclassify any shares of Arch Wireless' common stock or any other shares of any class or series of capital stock of Arch Wireless into shares ranking prior to or on a parity with the Series F Preferred Stock. Also, except under certain circumstances, holders of Series F Preferred Stock are entitled to vote with respect to certain extraordinary corporate actions involving a merger, consolidation or sale of Arch Wireless.