

Situation

- In late 1998 ARC Associates were appointed by Sonera to analyse its options regarding a \$200 million investment in Aerial Communications, Inc. ("Aerial"), a regional U.S. GSM wireless operator
 - Sonera's investment had been adversely affected by the perception that the GSM operators were competitively disadvantaged


Approach

- ARC Associates reviewed the U.S. wireless market, conducted a valuation of each component of the potential consolidation of the four publicly traded U.S. GSM operators, and calculated the financial requirements associated with the build-out of a nation-wide U.S. GSM wireless network
- Acting for Sonera, ARC Associates contacted numerous strategic and financial investors
- ARC Associates advised Sonera throughout the various individual negotiations and performed detailed due diligence, valuation and transaction structure analyses until the resulting transactions were achieved

The Transaction


- On 20 September 1999, Sonera announced that it had approved the merger of Aerial with VoiceStream Wireless Corporation ("VoiceStream") agreeing to exchange its existing Aerial shares into VoiceStream shares
 - This merger effectively consolidates three of the four publicly traded U.S. GSM regional wireless operators into one company, as VoiceStream is also currently in the process of merging with Omnipoint Corporation ("Omnipoint")
- Sonera has agreed to invest an additional \$230 million into Aerial prior to completion and a further \$500 million investment in VoiceStream at the completion of the merger of VoiceStream and Omnipoint
- As a result of these transactions, Sonera will covert an initial 18% shareholding in Aerial into 8% ownership of the newly enlarged VoiceStream

November 1999



Sonera Ltd.

has acquired 10.5 million common shares of




Aerial Communications, Inc.

for

\$230,000,000

The undersigned acted as financial adviser to
Sonera Ltd. in this transaction



ARC ASSOCIATES
London, New York

Transaction Value: \$230m