

14/5

DOCKET NO.

Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
2/19 99	Filed and docketed;
2/25 99	Weekly Filing;
3/19 99	Unrecorded Application;
4/3 99	Revised Tariff Pages;
6/3 99	Surety Bond;
6/25 99	Revised Surety Bond;
6/25 99	Order Granting C.O.A;
6/25 99	Docket Closed.

TC99-016
ORIGINAL

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

1200 19TH STREET, N.W.

SUITE 500

WASHINGTON, D.C. 20036

(202) 955-9600

NEW YORK, NY
LOS ANGELES, CA
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MUMBAI, INDIA
TOKYO, JAPAN

FACSIMILE

(202) 955-9792

WRITER'S DIRECT LINE
(202) 955-9667

WRITER'S E-MAIL
msmith@kelleydrye.com

February 18, 1999

RECEIVED

FEB 19 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

VIA FEDERAL EXPRESS

Mr. William Bullard, Jr.
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Re: Application of GCC License Corporation for a Certificate of
Authority to provide intrastate toll telecommunications services

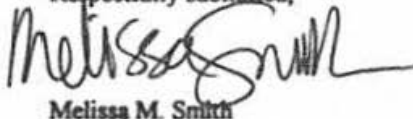
Dear Mr. Bullard:

Enclosed for filing with the South Dakota Public Utilities Commission ("Commission") please find an original and 10 copies of GCC License Corporation's Application for a Certificate of Authority to provide intrastate toll telecommunications on a resold basis. Also enclosed is a check in the amount of \$250.00 to cover the requisite filing fee.

Enclosed please also find a duplicate copy of this filing and a self-addressed stamped envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided.

Please do not hesitate to contact me if you have any questions.

Respectfully submitted,



Melissa M. Smith

Enclosures

TC99-016

Before the
STATE OF SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION

RECEIVED

FEB 19 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Application of
GCC LICENSE CORPORATION
for a Certificate of Authority to provide
Intrastate Toll Services
Within the State of South Dakota

Docket No. ____

APPLICATION

GCC License Corporation ("GCC" or "Applicant"), by its attorneys, respectfully request that the South Dakota Public Utilities Commission ("Commission") grant it a Certificate of Authority to provide intrastate toll services on a resold basis throughout the State of South Dakota pursuant to the rules and regulations of the Commission. In addition, GCC respectfully requests that the Commission approve its initial proposed tariff effective as of the date of the order granting GCC a Certificate of Authority. In support of its application, Applicant provides the following information:

I. *Identification of the Applicant*

1. GCC is a Delaware corporation and maintains its principal office at 3650 131st Avenue SE, Suite 400, Bellevue, WA 98006. A list of the names and addresses of the principal corporate officers is appended hereto as *Exhibit A*. A copy of GCC's Articles of Incorporation is appended hereto as *Exhibit B*.

2. GCC has authority to do business in South Dakota as a foreign corporation. A copy of GCC's Certificate of Good Standing showing that GCC was authorized to transact business as a foreign corporation on November 10, 1994 is appended hereto as *Exhibit C*. The

registered agent for service of process in South Dakota is Corporation Service Company, 503 South Pierre Street, Pierre, SD 57501.

3. GCC is in the process of applying for long distance resale authority in several states. GCC has not been denied authority to operate in any state. Nor has GCC's authority been revoked in any state.

4. GCC is an indirect wholly-owned subsidiary of Western Wireless Corporation ("WWC"), a Washington corporation headquartered at 3650 131st Avenue SE, Suite 400, Bellevue, WA 98006. WWC is a leading wireless communications company in the United States, providing cellular, personal communications services, specialized mobile radio, and paging services to consumers in more than 22 states. WWC is publicly owned and traded over the NASDAQ.

II. *Designated Contacts*

5. All correspondence, notices and inquiries regarding this Application should be addressed to:

Melissa M. Smith
KELLEY DRYE & WARREN LLP
1200 19th Street, Suite 500
Washington, D.C. 20036
phone: (202) 955-9600
fax: (202) 955-9792

6. Copies of all correspondence should also be sent to:

Christopher Johnson
Manager, Regulatory Affairs
GCC LICENSE CORPORATION
3650 131st Avenue SE, Suite 400
Bellevue, WA 98006
phone: (452) 586-8056
fax: (452) 586-8090

7. The name and address for customer service complaints, billings and inquiries:

Customer Care Department
3650 131st Avenue SE
Bellevue, WA 98006

Toll-free service number: 1-800-635-0304

In South Dakota, GCC's office is located at 685 North LaCrosse Street,
Rapid City, SD 57701.
Telephone: (605) 341-5811
Fax: (605) 341-5837

III. Description of Authority Requested

8. By this Application, Applicant seeks authority to provide resold intrastate interexchange telecommunications services to the public on a statewide basis utilizing the underlying facilities of other interexchange carriers ("IXCs"). Specifically, Applicant seeks authority to provide a full range of interexchange services, including presubscription long distance, calling card, prepaid calling card, 10xxx access and "personalized 800 service."

IV. Description and Fitness of the Applicant

9. GCC is well-qualified, financially, technically and managerially, to provide the services for which authority is requested in this Application. GCC will draw heavily on the strength and resources of its parent company. WWC is a leading wireless communications company in the United States, providing cellular, personal communications service, specialized mobile radio, and paging services to consumers in more than 22 states. A Corporate Profile of WWC is appended hereto as *Exhibit D*.

10. The officers and directors of GCC and WWC have extensive experience in the telecommunications industry with companies such as McCaw Cellular Communications, General Cellular Corporation, subsidiaries of Pacific Telesis, Inc., Pacific Northwest Cellular, Inc., LIN

Broadcasting, and MARKETS Cellular Limited Partnership. The names, titles and backgrounds of the officers and directors of GCC and WWC are listed in WWC's Corporate Profile appended as *Exhibit D*.

11. Moreover, the officers and directors of GCC and WWC have developed significant technical expertise as demonstrated by WWC's successful growth from 14,000 subscribers two years ago, to over 750,000 subscribers today. WWC has designed and constructed a state-of-the-art telecommunications system, which includes switches with advanced features including common channel signaling (i.e., SS7 or CCS) and database capabilities. WWC has redundant Network Operations Control Centers ("NOCC"s) that are staffed 24 hours per day. The NOCCs monitor the operations of the switches, transportation equipment and systems, all peripherals, and all network facilities on a continuous basis. The advanced technical abilities of WWC has contributed substantially to the company's successful growth and will be brought to bear upon the provision of service by GCC.

12. As a newly-formed company, GCC has no significant financial history. However, GCC, through the strength of its parent corporation, WWC, and affiliates, has access to ample capital to provide telecommunications services throughout the State of South Dakota. In 1997, WWC reported total revenues of \$380.5 million. A copy of WWC's most recent 1997 SEC Form 10-K and its 1997 Annual Report is appended hereto as *Exhibit E*.

V. Marketing

13. GCC's marketing program for South Dakota is undetermined at this time.

VI. Proposed Tariff

14. GCC intends to provide service in South Dakota pursuant to the terms and conditions outlined in its proposed tariff, which is attached hereto as *Exhibit F*. GCC respectfully requests that the Commission approve its proposed tariff effective as of the date of the order granting GCC a Certificate of Authority to provide telecommunications services.

VII. Requested Regulatory Treatment

15. As a competitive provider of telecommunications services in South Dakota, GCC respectfully requests that it be subject to the same streamlined regulatory treatment applicable to other competitive carriers.

VII. Public Interest

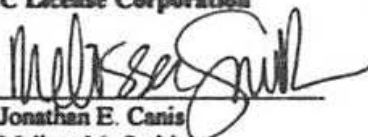
16. A decision by the Commission to grant GCC authority to provide intrastate interexchange telecommunications services on a resold basis is in the public interest. GCC is well qualified to operate as an interexchange service provider in South Dakota. Moreover, GCC's participation in the market for telecommunications services in South Dakota will promote competition, which will lead to the development of new services and products over time.

0154.16.7

WHEREFORE, GCC respectfully request that the Commission grant it a Certificate of Authority to provide resold intrastate toll services within the State of South Dakota. Further, GCC requests that the Commission approve its proposed tariff.

Respectfully submitted,

GCC License Corporation

By: 

Jonathan E. Canis

Melissa M. Smith

KELLEY DRYE & WARREN LLP

1200 19th Street, Suite 500

Washington, D.C. 20036

Their Attorneys

DATED: February 18, 1999

VERIFICATION

I am authorized to represent the Applicant in the foregoing application and to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

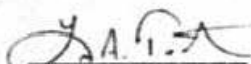
By: 

Name: Gene DeJordy

Title: Executive Director

Date: Feb. 17, 1999

Sworn and subscribed to
before me this 17th
day of February, 1999.


Notary Public

My Commission expires: 12/15/99

EXHIBIT A

Officers and Directors

John W. Stanton Chief Executive Officer	3650 131 st Avenue SE, Suite 400 Bellevue, Washington 98006
Robert Sampleton President	3650 131 st Avenue SE, Suite 400 Bellevue, Washington 98006
Michael J. Thomas Chief Operating Officer	3650 131 st Avenue SE, Suite 400 Bellevue, Washington 98006
Donald Goshko Vice President Chief Financial Officer	3650 131 st Avenue SE, Suite 400 Bellevue, Washington 98006
Alan R. Brander, Director Senior Vice President Corporate Secretary General Counsel	3650 131 st Avenue SE, Suite 400 Bellevue, Washington 98006
Gregg B. Jansmough, Director Senior Vice President/Corp. Development	3650 131 st Avenue SE, Suite 400 Bellevue, Washington 98006
Theresa E. Gillespie, Director Senior Vice President	3650 131 st Avenue SE, Suite 400 Bellevue, Washington 98006
Patricia L. Miller Controller	3650 131 st Avenue SE, Suite 400 Bellevue, Washington 98006
David A. Miller Assistant Corporate Secretary Vice President	3650 131 st Avenue SE, Suite 400 Bellevue, Washington 98006
Angela Schwab Assistant Corporate Secretary	3650 131 st Avenue SE, Suite 400 Bellevue, Washington 98006
Lee A. Testevlin Assistant Corporate Secretary	3650 131 st Avenue SE, Suite 400 Bellevue, Washington 98006

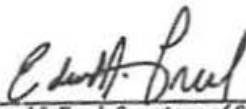
EXHIBIT B

State of Delaware
Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "GCC LICENSE CORPORATION", FILED IN THIS OFFICE ON THE TWENTY-FIFTH DAY OF OCTOBER, A.D. 1994, AT 4:30 O'CLOCK P.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.




Edward J. Freel, Secretary of State

2446744 8100

944203986

AUTHENTICATION:

7282502

DATE:

10-26-94

**CERTIFICATE OF INCORPORATION
OF
GCC LICENSE CORPORATION**

Pursuant to the provisions of Section 102 of the General Corporation Law of the State of Delaware, the following Certificate of Incorporation is submitted for filing:

ARTICLE 1. NAME

The name of this corporation is GCC License Corporation.

ARTICLE 2. REGISTERED OFFICE AND AGENT

The respective names of the County and of the City within the County in which the registered office of the Corporation is to be located in the state of Delaware are the county of New Castle and the city of Wilmington. The street and number of said registered office and the address by street and number of said registered agent is The Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801. The name of the registered agent at such address is The Corporation Trust Company.

ARTICLE 3. PURPOSE

This corporation is organized for the purposes of transacting any and all lawful business for which a corporation may be incorporated under Section 102 of the General Corporation Law of the State of Delaware, as amended.

ARTICLE 4. CAPITAL STOCK

The authorized capital stock of this corporation shall consist of 1,000 shares of Common Stock with \$.01 par value.

ARTICLE 5. DURATION

This corporation has a perpetual existence.

ARTICLE 6. PREEMPTIVE RIGHTS

Shareholders of this corporation have no preemptive rights to acquire additional shares of stock or securities convertible into shares of stock issued by the corporation.

ARTICLE 7. CUMULATIVE VOTING

Shareholders of this corporation shall not have the right to cumulate votes in the election of directors.

ARTICLE 8. DIRECTORS

The number of directors of this corporation shall be fixed in the manner specified by the bylaws of this corporation.

ARTICLE 9. LIMITATION OF DIRECTOR LIABILITY

A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for conduct as a director, except for:

- a. Any breach of the director's duty of loyalty to the corporation or its stockholders;
- b. for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- c. under section 174 of the Delaware General Corporation Law, as amended; or
- d. for any transaction from which the director derived an improper personal benefit.

If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Any repeal or modification of the foregoing paragraph by the shareholders of the corporation shall not adversely affect any right or protection of a director of the corporation with respect to any acts or omissions of such director occurring prior to such repeal or modification.

ARTICLE 10. POWERS OF INCORPORATORS

The powers of the incorporator shall terminate upon the filing of the Certificate of Incorporation.

The names and mailing addresses of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and qualified are:

Alan R. Bender
330 120th Avenue NE
Bellevue, WA 98005

Cregg B. Baumbaugh
330 120th Avenue NE
Bellevue, WA 98005

Theresa E. Gillespie
330 120th Avenue NE
Bellevue, WA 98005

The undersigned, for the purposes of forming a corporation under the laws of the state of Delaware, her by executes this Certificate of Incorporation as his act and deed under penalty of perjury this 25 day of October, 1994.

G. Scott Greenberg
Incorporator
5000 Columbia Center
701 Fifth Avenue
Seattle, Washington 98104-8878

2025 RELEASE UNDER E.O. 14176

0154.116.116

EXHIBIT C

State of South Dakota

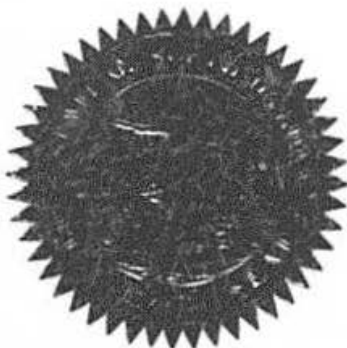


OFFICE OF THE SECRETARY OF STATE

Certificate of Good Standing Foreign Corporation

I, **JOYCE HAZELTINE**, Secretary of State of the State of South Dakota, do hereby certify that **GCC LICENSE CORPORATION (DE)** was authorized to transact business in this state on **November 10, 1994** I, further certify that said corporation has complied with the South Dakota law governing foreign corporations transacting business in this state, and so far as the records of this office show, said corporation is in good standing in this State at the date hereof and duly authorized to transact business in the State of South Dakota. This certificate is not to be construed as an endorsement, recommendation or notice of approval of the corporation's financial condition or business activities and practices. Such information is not available from this office.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this February 8, 1999.



A handwritten signature in cursive script, reading "Joyce Hazeltime".

Joyce Hazeltime
Secretary of State

EXHIBIT D



Corporate Profile

Company Description: Western Wireless Corporation (NASDAQ: WWCA) is a leading provider of wireless communications services in the western United States. The company owns and operates wireless cellular phone systems marketed under the Cellular One® national brand name in 15 states west of the Mississippi River. Western Wireless also owns seven licenses auctioned by the Federal Communications Commission in 1995 to provide personal communications services (PCS). These licenses extend the company's geographic footprint to 22 states and enable Western Wireless to offer high-quality, digital, two-way wireless communications services under the VoiceStream® Wireless brand name.

Headquarters: Issaquah, Washington

Executive Team: John Stanton, Chairman and Chief Executive Officer
Don Guthrie, Vice Chairman
Bob Stapleton, President
Mikal Thomsen, Chief Operating Officer
Theresa Gillespie, Chief Financial Officer
Cregg Baumbaugh, Senior Vice President, Corporate Development
Alan Bender, Senior Vice President and General Counsel

Markets: Western Wireless owns cellular and PCS licenses covering about 25 million people and 41 percent of the land in the continental United States. It owns and operates cellular systems in 57 Rural Service Areas (RSAs) and 16 Metropolitan Statistical Areas (MSAs) with a combined population of about 6 million. The company also owns licenses to provide PCS in seven Major Trading Areas (MTAs) — Albuquerque-El Paso, Denver, Des Moines-Quad Cities, Honolulu, Portland, Oklahoma City and Salt Lake City — with a population of about 19.5 million.

History: Western Wireless was formed in July 1994 through the combination of Pacific Northwest Cellular and General Cellular Corporation. In the last two years, the company has grown from about 320 employees and less than 14,000 subscribers to more than 2,000 employees and 270,000 subscribers. In May 1996, the company completed an initial public offering of 12.65 million shares of common stock and a public bond offering. The two offerings raised nearly \$430 million to continue the development of Western Wireless' cellular and PCS businesses.

Industry Statistics: The cellular industry is 12 years old. More than 40 million (one in eight) Americans own a cellular phone. The Personal Communications Industry Association predicts that new personal communications services will combine with existing wireless services such as cellular and paging to fundamentally change the way Americans communicate. Industry analysts forecast wireless communications services subscriptions totaling 197 million by 2005.



Western Wireless: Redefining How People Communicate

In an increasingly mobile society, wireless communications has become one of the fastest growing segments of the communications industry. More than 40 million (one in eight) people currently enjoy the benefits of untethered communication that cellular service provides.

Western Wireless has been the first to offer PCS service in its markets – a strong competitive advantage.

With the introduction of personal communications services (PCS), the rapid rate at which businesses and consumers are adopting wireless communications is expected to continue. This explosive growth can be attributed to the fundamental need that wireless communication addresses — people want to feel empowered over their communications and are looking for solutions that offer quality, value and reliability. In short, wireless communication is redefining how people communicate.

Western Wireless Corporation has emerged as one of the leading wireless communication service providers with its unique combination of cellular and PCS licenses and more than 270,000 subscribers throughout the western United States. The company's strategy is to offer the optimum technology for a particular geographic area — concentrating on rural and small metropolitan areas for its cellular service and more densely populated areas for its PCS service. The company owns cellular and PCS licenses covering about 25 million people and 41 percent of the continental United States.

The key to Western Wireless' success has been its focus on high-quality enhanced service offerings and an aggressive growth strategy. Western Wireless has been the first to offer PCS service in its markets — a move the company believes provides a strong competitive advantage. In February 1996, the company launched its PCS service under its proprietary VoiceStreamSM Wireless brand in Honolulu, followed by the summer 1996 launches of its PCS service in Salt Lake City, Albuquerque and Portland. The company is slated to roll out service in the Des Moines/Quad Cities and Oklahoma City markets by the end of 1996 and in Denver in early 1997.

The company's cellular service, marketed under the Cellular One® name in 15 western states, has grown from less than 14,000 subscribers and \$18.4 million in revenues in 1993 to more than 270,000 subscribers and \$135.1 million in revenues. By concentrating on rural and small metropolitan areas for its cellular service, Western Wireless can cover large geographic areas with relatively few cell sites, thus providing cost-efficient wireless service. In addition, because cellular operations in rural and small urban markets were licensed and developed later than major markets, cellular penetration is presently lower and subscriber growth rates are significantly higher than in the larger urban markets.



By taking advantage of the existing business infrastructure established for its cellular operations – including centralized management, marketing, billing and customer service functions – Western Wireless has been able to offer PCS services and features not currently provided by cellular operators.

Western Wireless is committed to becoming the premier wireless communication service provider with a focus on:

- Quality:* Providing high-quality technical, sales, administrative and service expertise.
- Growth:* Dedication to expanding the business through superior systems, aggressive selling, prudent acquisitions and excellent customer care.
- Profitability:* Commitment to delivering an outstanding return on investment to shareholders by providing superior products to its customers, earning customer loyalty and operating with an entrepreneurial spirit.

*Western Wireless
owns cellular systems
in 57 rural service
areas and
16 metropolitan
statistical areas,
and PCS systems in
7 major trading areas.*

Company History

Based in Issaquah, Wash., Western Wireless was formed in July 1994 through the combination of MARKETS Cellular Limited Partnership, which operated as Pacific Northwest Cellular, and General Cellular Corporation. Western Wireless owns and operates cellular communications systems in 57 rural service areas (RSAs) and 16 metropolitan statistical areas (MSAs) in 15 states — California, Colorado, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Texas and Wyoming — with an aggregate population of about 6 million. In 1995, through the Federal Communications Commission (FCC) auction of broadband PCS licenses, Western Wireless acquired licenses to provide PCS in six major trading areas (MTAs) — Albuquerque/El Paso, Des Moines/Quad Cities, Honolulu, Oklahoma City, Portland and Salt Lake City. Western Wireless purchased the Denver MTA in June 1996.

Western Wireless' management team comprises some of the early pioneers in the wireless industry, including John Stanton, chairman and CEO, who was a founder and COO of former industry giant McCaw Cellular. The other team members — Donald Guthrie, vice chairman; Robert Stapleton, president; Mikal Thomsen, COO; Theresa Gillespie, CFO; Cregg Baumbaugh, senior vice president; and Alan Bender, senior vice president and general counsel — share Stanton's entrepreneurial spirit and long, successful track record in building a thriving wireless communication business.



Since its founding, Western Wireless has grown to more than 2,000 employees throughout its headquarters and 70 local sales offices. The company raised nearly \$430 million through an initial public offering and a concurrent debt offering in May 1996, which was underwritten by Goldman, Sachs & Co.; Donaldson, Lufkin & Jenrette Securities Corp.; Merrill Lynch & Co. and Salomon Brothers Inc. The company is traded on NASDAQ under the symbol "WWCA."

Many industry experts predict that wireless communications will become the preferred method of voice communications.

The Wireless Communications Industry

Broadly defined, the wireless communications industry includes one-way radio applications, such as paging, and two-way radio applications, such as cellular telephone, PCS and enhanced specialized mobile radio (ESMR), which use a variety of radio frequencies to transmit voice and data. Since its introduction in 1983, cellular service has grown dramatically and now dominates the wireless communications market with more than 40 million subscribers.

It is estimated that about 2 percent of all phone calls are originated or terminated on a wireless phone. However, this percentage is expected to grow significantly, as carriers boost capacity and coverage and add enhanced services. Industry experts predict that PCS will play a critical role in the expansion of the wireless market into new demand segments. The additional spectrum, lower prices and increased pace of service-innovation generated by the addition of new PCS carriers are expected to contribute to rapid market development.

Because wireless devices are fundamentally a more efficient and effective way to communicate by offering consumers increased mobility, many industry experts predict that wireless communications will soon be the preferred method of voice communications. Consumers are demanding more control over their communication, and wireless service is a cost-effective means to meet that need.

Cellular and Personal Communications Services

The FCC licenses two principal services for transmitting voice and data signals — cellular and personal communications service. Cellular service provides high-quality, high-capacity service to and from mobile, portable and stationary telephones. Cellular handsets are affordable and easy-to-use, and offer important benefits to both business and residential consumers. Fully equipped, multi-cell cellular systems are capable of handling thousands of calls and can provide service to hundreds of thousands of subscribers in a given market.



Many cellular systems today are limited in their capacity due to their use of analog-based radio transmissions, although many carriers are currently in the process of upgrading to digital technology. Digital systems convert voice or data signals into a stream of digits that is compressed before transmission, enabling a single radio channel to carry multiple simultaneous signal transmissions. An all-digital system will provide customers with enhanced capacity, greater call quality and advanced data-communication features.

PCS is a term commonly used to describe a portion of radio spectrum (1850-1990 MHz) used to provide wireless communications services. PCS will initially compete directly with existing cellular telephone, paging and specialized mobile radio services, but will also include features that are not generally offered by cellular providers, such as data transmissions to and from portable computers, advanced two-way paging services and facsimile services. Western Wireless aims to be the first direct wireless competitor to cellular providers and the first to offer mass-market, all-digital mobile networks.

While PCS and cellular systems use similar technologies and hardware, each operates on different frequencies and may use different technical and network standards. The most common digital standards to be implemented by PCS carriers are GSM (Global System for Mobile Communications), CDMA (code division multiple access) and TDMA (time division multiple access). Western Wireless has adopted GSM technology – the only digital technology in widespread use around the world, serving 20 million customers in more than 98 countries. As a result, handsets and network equipment are far less expensive than for other digital standards, and are more reliable and more widely available.

Western Wireless Service Offerings

VoiceStreamSM Wireless Personal Communications Services. With VoiceStream Wireless, subscribers can stay "Ahead of the Current"™ with such enhanced features as answering service and two-way text and numeric messaging, caller ID, call waiting and call hold, digital encryption to prevent fraud and eavesdropping, "smart card" technology, wireless data transmission and extended battery performance. VoiceStream service comes with a wireless digital phone equipped with a built-in answering machine and pager that can link subscribers to their computers to allow them to fax, read their e-mail and access the Internet. The phone, which is smaller and more feature-rich than most cellular handsets, also allows subscribers to read messages right off of the display – with increased clarity and privacy. Monthly service packages range from \$20 with 30 free minutes of airtime to \$210 with 1,000 free minutes of airtime. Optional features, such as "weekends free," call forwarding and enhanced voice mail service, also are available.



Cellular One®. Western Wireless markets its cellular products and services under the name Cellular One, the first national brand name in the cellular industry that is currently used by a national coalition of 507 cellular licensees in all 50 states. Western Wireless offers its subscribers high-quality cellular communications, as well as several customer calling services, including call forwarding, call waiting, conference calling, voice message storage and retrieval, and no-answer transfer. In addition, subscribers can access local government emergency services from their cellular handsets – free of charge – by dialing 911. Monthly service plans range from \$29.99 with 80 minutes of free local airtime to \$229.99 with 1,000 minutes of free local airtime. Voice messaging service also is available.

Executive Team

Western Wireless' management team includes industry pioneers who share an entrepreneurial spirit and drive.

John Stanton, Chairman, Director and Chief Executive Officer

Stanton has spent much of his career in the wireless industry. Prior to helping form Western Wireless in 1994, Stanton was CEO and chairman of the board of General Cellular Corporation. He also has served as chairman of the board and CEO of Pacific Northwest Cellular, Inc., and as director of McCaw Cellular Communications and LIN Broadcasting. From 1983 to 1991, Stanton served in various capacities with McCaw, serving as vice chairman of the board from 1988 to 1991 and as chief operating officer from 1985 to 1988. He also is a member of the board of directors of Interpoint, Inc. and SmarTone in Hong Kong. He is a trustee of Whitman College and a director of the Cellular Telecommunications Industry Association.

Donald Guthrie, Vice Chairman

Guthrie came to Western Wireless from McCaw Cellular, where he served as senior vice president and treasurer. Guthrie also served as senior vice president-finance for LIN Broadcasting.

Robert Stapleton, President

Stapleton served as president of General Cellular Corporation prior to Western Wireless' formation. From 1989 to 1992, he served in various positions with General Cellular, including chief operating officer and vice president of operations. Stapleton previously was employed by mobile communications subsidiaries of Pacific Telesis, Inc., which now are affiliated with AirTouch Communications.



Mikal Thomsen, Chief Operating Officer

Thomsen was a director and chief operating officer of MARKETS Cellular Limited Partnership prior to joining Western Wireless. From 1983 to 1991, Thomsen held various positions at McCaw Cellular, serving as general manager of its international division from 1990 to 1991 and as general manager of its West Florida region from 1987 to 1990.

Theresa Gillespie, Chief Financial Officer

Gillespie was CFO of MARKETS Cellular Limited Partnership prior to the formation of Western Wireless and previously served as CFO of certain entities controlled by Stanton and Gillespie. She also served as senior vice president and controller of McCaw Cellular.

Cregg Baumbaugh, Senior Vice President - Corporate Development

Prior to the formation of Western Wireless, Baumbaugh served in various positions with General Cellular Corporation, including vice president of business development. He previously was employed by The First Boston Corporation.

Alan Bender, Senior Vice President and General Counsel

Bender joined General Cellular Corporation in April 1990 as senior counsel and was named secretary in June 1990, general counsel in August 1990 and vice president in March 1992. From 1988 to 1990, Bender was vice president and senior counsel of Equitec Financial Group, a subsidiary of PacificCorp. Inc.

EXHIBIT E

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-K

☒ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 1997

Or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number 000-28160

WESTERN WIRELESS CORPORATION

(Exact name of registrant as specified in its charter)

Washington

(State or other jurisdiction of incorporation or organization)

91-1638901

(IRS Employer Identification No.)

2001 NW Sammamish Road
Issaquah, Washington

(Address of principal executive offices)

98027

(Zip Code)

(425) 313-5200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Class A Common Stock

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

The aggregate market value of the voting stock held by nonaffiliates of the registrant, computed by reference to the last sale of such stock as of the close of trading on March 2, 1998, was \$517,174,730.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title	Shares Outstanding as of March 2, 1998
Class A Common Stock, no par value	22,846,192
Class B Common Stock, no par value	57,963,811

Documents Incorporated By Reference

Portions of the following documents are incorporated by reference into the indicated parts of this Form 10-K:
1997 Annual Report - Part II.
1998 Proxy Statement - Part III.

Western Wireless Corporation
Form 10-K
For the Year Ended December 31, 1997

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Cautionary statement for purposes of the "Safe Harbor" provisions of the Private Litigation Reform Act of 1995.

Statements contained or incorporated by reference in this document that are not based on historical fact are "forward-looking statements" within the meaning of the Private Securities Reform Act of 1995. Forward-looking statements may be identified by use of forward-looking terminology such as "believe," "tends," "may," "will," "expect," "estimate," "anticipate," "continue," or similar terms, variations of those terms or the negative of those terms.

PART I

Item 1. BUSINESS

Introduction

Western Wireless Corporation (the "Company" or "Western Wireless") provides wireless communications services in the western United States. The Company owns an aggregate of 169 cellular and personal communications services (PCS) licenses for a geographic area covering approximately 68.0 million persons (counting only once those persons that may be served by either cellular or PCS systems owned by the Company). In addition, Western Wireless is a partner in ventures owning 21 PCS licenses covering 13.0 million persons, some of which overlap licenses owned by the Company. Western Wireless combined cellular and PCS licenses, together with the ventures in which it is a partner, cover approximately 59% of the land in the continental United States. In its consolidated cellular and wholly-owned PCS markets, the Company served 648,000 subscribers at December 31, 1997.

The Company operates its cellular systems under the CELLULAR ONE® brand name and operates its PCS markets under its proprietary VoiceStream® brand name. It owns and operates cellular systems in 72 Rural Service Areas (RSAs) and 16 Metropolitan Statistical Areas (MSAs) with an aggregate population of approximately 7.3 million persons. The Company holds 7 Major Trading Area (MTA) broadband PCS licenses and 104 Basic Trading Area (BTA) broadband PCS licenses covering approximately 64.2 million persons. Each of the Company's operational PCS systems utilizes Global System for Mobile Communications (GSM) technology as the network standard. GSM is the leading digital wireless standard worldwide, with systems operating in approximately 109 countries, including the United States, and serving over 66 million subscribers.

Western Wireless is also engaged in activities related to its principal wireless communications business. The Company has interests in entities which own wireless licenses in certain foreign countries, including Ghana, Haiti, Iceland, and the Republics of Latvia and Georgia. In addition, the Company has interests in entities which have made wireless license applications in certain other foreign countries. During 1997, two of these ventures commenced operations. In addition, since their acquisition in February 1996, the Company has operated paging systems in eight western states and served 31,900 customers at December 31, 1997.

Western Wireless Corporation was formed in July 1994 as the result of a business combination (the "Business Combination") among various companies, including Markets Cellular United Partnership d/b/a Pacific Northwest Cellular, a Delaware limited partnership (MCLP), and General Cellular Corporation, a Delaware corporation (GCC). GCC commenced operations in 1989 and MCLP was formed in 1992. As a result of the Business Combination and a series of related transactions, Western Wireless Corporation became the owner of all of the assets of MCLP. Accordingly, all financial data relating to the Company herein with respect to periods after the date of the Business Combination reflect the operations of GCC and MCLP and all such data with respect to prior periods reflect only the operations of GCC, which, for accounting purposes, is considered Western Wireless Corporation's predecessor.

Year of 1997

The Company has grown rapidly over the years with an average of 84% growth in revenues each year from 1994 through 1997. The Company continued its strong growth in 1997 as evidenced by the following landmarks. In January, the Company won the high bidder on 100 PCS licenses in the Federal Communication Commission's (FCC) D and E Block auction; all such licenses were granted and paid for in 1997. In May, Western Wireless commenced operations in Denver, the last of the Company's MTA licenses from the FCC's A block auction. In June, Cook Inlet Western Wireless P/V/S PCS, LP (Cook Inlet PCS), in which the Company holds a 49.9% interest, launched VoiceStream service in the Tutu BTA, thus becoming the first C Block licensee to become operational in a major market. In October, Western Wireless acquired the business and assets of another wireless provider with operations contiguous to that of the Company. The acquisition added 12 cellular licenses, 8 PCS licenses and 58,500 cellular subscribers. In November, an affiliate of Hutchison Telecommunications Limited (HTL) acquired \$74 million of the Company's common stock in a private placement. During the

fourth quarter, the Company also announced joint ventures that will further expand the VoiceStream brand name in PCS markets in the western United States. The Company anticipates continued growth in 1998. In February 1998, the Company and HTL completed a transaction whereby HTL acquired a 19.9% interest in the Company's subsidiary which owns and operates its PCS licenses and markets for approximately \$248 million.

Strategy

Historically, the Company has focused on the acquisition and operation of cellular communications systems in RSAs and small MSAs in the western United States. The Company's acquisition of PCS licenses enables it to significantly expand both its customer base and geographic coverage and to offer enhanced wireless communications services. The Company's initial focus with its PCS licenses has been, and will continue to be, to commence operations in the most densely populated areas within its PCS systems. The Company believes that cellular is the optimum technology for rural, less densely populated areas because they are less susceptible to competition and have a greater capacity for future growth than most major markets, and that PCS is the optimum technology for more densely populated urban areas where analog cellular systems are more expensive to deploy and face potential capacity constraints. The Company has entered markets at a relatively low cost, having purchased cellular licenses for an average of \$45.68 per pop overall, excluding the effect of licenses acquired through business acquisitions. The Company's PCS MTA licenses were purchased at an average of \$10.81 per pop and the PCS BTA licenses were purchased at an average of \$3.13 per pop, including the Company's ownership percentage in Cook Inlet PCS's licenses. "Pop" refers to the number of persons in a licensed area multiplied by the Company's ownership interest in the license for such licensed area.

The Company's operating strategy has been to (i) construct and commence operations with high quality systems and extensive coverage in rural areas with its cellular systems and in urban areas with its PCS systems; (ii) continue to expand its operations through increased subscriber growth and usage; (iii) utilize its centralized management and back office functions to support the needs of its cellular and PCS subscribers, thereby further improving operating efficiencies and generating greater economies of scale; and (iv) selectively acquire cellular and PCS properties primarily in contiguous markets. The Company is implementing its strategy by continuing to build its PCS systems, offering a wide range of products and services at competitive prices, continually upgrading the quality of its network, establishing strong brand recognition, creating a strong sales and marketing program tailored to local markets and providing a superior level of customer service.

The Company plans to continue to take advantage of opportunities to enter new markets at a relatively low cost, including international ventures.

The Wireless Communications Industry

Overview

Wireless communications systems use a variety of radio frequencies to transmit voice and data. Broadly defined, the wireless communications industry includes one-way radio applications, such as paging or beeper services, and two-way radio applications, such as cellular PCS and Enhanced Specialized Mobilized Radio ("ESMR") networks. Historically, each application has been licensed and operates in a distinct radio frequency block.

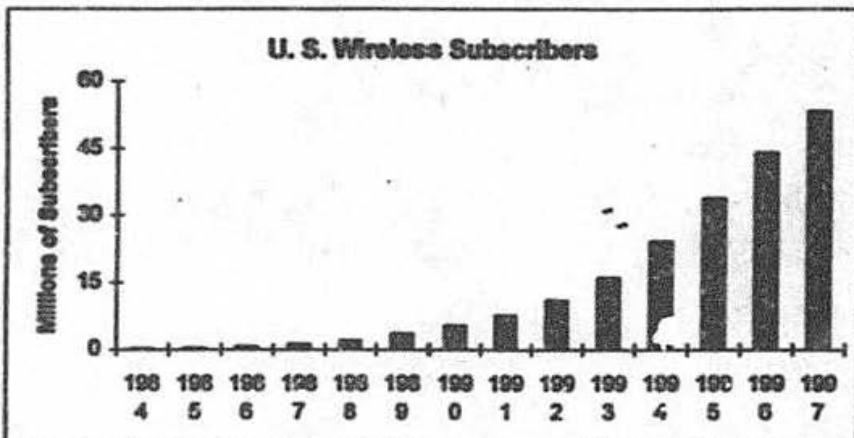
Since its introduction in 1983, wireless service has grown dramatically. As of June 30, 1997, according to Cellular Telecommunications Industry Association ("CTIA") there were over 48.7 million wireless subscribers in the United States, representing a penetration rate of 18% and a growth of 10.6% from December 31, 1996.

The following table sets forth certain domestic wireless industry statistics derived from the data survey results published semi-annually by CTIA:

	Year Ended December 31,				
	1993	1994	1995	1996	1997
Total Service Revenues (in billions).....	\$ 10.9	\$ 14.2	\$ 19.0	\$ 23.6	\$ 27.6
Ending Wireless Subscribers (in millions)	16.0	24.1	33.8	44.0	53.4
Subscriber Growth	45.1%	50.8%	40.0%	30.4%	21.4%
Average Monthly Service Revenue per Subscriber	\$ 67.13	\$ 59.08	\$ 54.90	\$ 50.61	\$ 47.23
Average Monthly Subscriber Revenue per Subscriber	\$ 58.74	\$ 51.48	\$ 47.59	\$ 44.86	\$ 42.09
Ending Penetration	6.2%	9.4%	13.0%	17.0%	19.6%

These statistics represent results for the industry as a whole. Average Monthly Service Revenue per Subscriber reflects per subscriber revenue including roaming revenue, and Average Monthly Subscriber Revenue per Subscriber reflects per subscriber revenue excluding roaming revenue.

The following chart illustrates the growth in United States wireless subscribers through December 31, 1997 (subscribers at December 31, 1997, were derived from the data survey results published semi-annually by CTIA):



Source: Cellular Telecommunications Industry Association

In the wireless communications industry, there are two principal services licensed by the FCC for transmitting voice and data signals, "cellular services" and "PCS." Cellular service is the predominant form of wireless voice communications service currently available. The FCC has made available for cellular service a portion of the radio spectrum from 830-870 MHz. Cellular service is capable of providing high quality, high capacity service to and from mobile, portable and stationary telephones. Cellular handsets are affordable and easy to use and offer important benefits to both business and residential consumers. Fully equipped, multi-cell cellular systems are capable of handling thousands of calls at any given time and thus are capable of providing service to hundreds of thousands of subscribers in a given market. See "—Products and Services."

Cellular systems are primarily analog based systems, although digital technology has been introduced in certain markets. Analog technology currently has several limitations, including lack of privacy and limited capacity. Digital systems convert voice or data signals into a stream of digits that is compressed before transmission, enabling a single radio channel to carry multiple simultaneous signal transmissions. This enhanced capacity, along with improvements in digital signaling, allows digital-based wireless technologies to offer new and enhanced services, such as greater call privacy, and robust data transmission features, such as "mobile office" applications (including facsimile, electronic mail and wireless connections to computer/data networks, including the Internet). See "—Operation of Wireless Communications Systems."

PCS is a term commonly used in the United States to describe a portion of radio spectrum (1850-1990 MHz). PCS spectrum was auctioned by the FCC beginning with the A and B Blocks, which were auctioned by the FCC in late 1994 and 1995. In late 1995 and in 1996 the C Block was auctioned and the FCC concluded simultaneous auctions of the D, E and F Blocks in 1997. This portion of radio spectrum is to be used by PCS licensees to provide wireless communications services. PCS competes directly with existing cellular telephone, paging and specialized mobile radio services. PCS also includes features that are not generally offered by cellular providers, such as data transmissions to and from portable computers, advanced paging services and facsimile services. In addition, wireless providers may offer mass market wireless local loop applications in competition with wired local communications services. See "—Governmental Regulation" for a discussion of the FCC auction process and allocation of wireless licenses.

The Company, and the wireless communications industry in general, have historically experienced significant subscriber growth during the fourth calendar quarter. The Company has historically experienced highest usage and revenue per subscriber during the summer months. The Company expects these trends to continue.

Operation of Wireless Communications Systems

Wireless communications system service areas, whether cellular or PCS, are divided into multiple cells. Due to the frequencies in which they operate, cellular cells generally have a wider transmission radius than PCS cells. In both cellular and PCS systems, each cell contains a transmitter, a receiver and signaling equipment (the "Cell Site"). The Cell Site is connected by microwave or landline telephone lines to a switch that uses computers to control the operation of the cellular communications system for the entire service area. The system controls the transfer of calls from cell to cell as a subscriber's handset travels, coordinates calls to and from handsets, allocates calls among the cells within the system and connects calls to the local landline telephone system or to a long distance telephone carrier. Wireless communications providers establish interconnection agreements with local exchange carriers and interexchange carriers, thereby integrating their system with the existing landline communications system.

Because the signal strength of a transmission between a handset and a Cell Site declines as the handset moves away from the Cell Site, the switching office and the Cell Site monitor the signal strength of calls in progress. When the signal strength of a call declines to a predetermined level, the switching office may "hand off" the call to another Cell Site where the signal strength is stronger. If a handset leaves the service area of a cellular or PCS system, the call is disconnected unless there is a technical connection with the adjacent system.

Analog cellular handsets are functionally compatible with cellular systems in all markets within the United States. As a result, analog cellular handsets may be used whenever a subscriber is located, as long as a cellular system is operational in the area. Cellular system operators normally agree to provide service to subscribers from other cellular systems who are temporarily located in or traveling through their service areas. Agreements among system operators provide that the carrier that normally provides services to the roaming subscriber pays the serving carrier at rates prescribed by the serving carrier.

Although PCS and cellular systems utilize similar technologies and hardware, they operate on different frequencies and use different technical and network standards. As a result, and as discussed further below, it is often not possible for users of one type of system to "roam" on a different type of system outside of their service area, or to hand off calls from one type of system to another. This is also true for PCS subscribers seeking to roam in a PCS service area served by operators using different technical standards.

PCS systems operate under one of three principal digital signal transmission technologies, or standards, that have been proposed by various operators and vendors for use in PCS systems: GSM, Code Division Multiple Access ("CDMA") or Time Division Multiple Access ("TDMA"). GSM and TDMA are both "time division-based" standards but are incompatible with each other and with CDMA. Accordingly, a subscriber of a system that utilizes GSM technology is currently unable to use a GSM handset when traveling in an area not served by GSM-based PCS operators, unless the subscriber carries a dual-mode handset that permits the subscriber to use the analog cellular system in that area.

Cellular Operations

The Company operates cellular systems in 72 RSAs and 16 smaller MSAs, and generally owns 100% of each of its cellular licenses. In these rural and small urban markets, the Company's cellular systems cover large geographic areas with relatively few Cell Sites, incorporating cost efficient technology.

The Company's experience is that several inherent attributes of RSAs and small MSAs make such markets attractive. Such attributes include high subscriber growth rates, population bases of customers with substantial needs for wireless communications, the ability to cover larger geographic areas with fewer Cell Sites than is possible in urban areas, less intense competitive environments and less vulnerability to PCS competition.

See the financial results of the Company's cellular operations in the footnotes to the consolidated financial statements located in Part II of the Form 10-K.

Cellular Markets and Systems

The Company owns FCC licenses to provide wireless cellular communications services in 88 separate markets. The Company's pops by cellular market are as follows.

Cellular Markets (1)	Population (2)	Ownership Percentage	The Company's Population (2)	Cellular Markets (1)	Population (2)	Ownership Percentage	The Company's Population (2)
California				Nevada			
Mesa (CA-6)	29,000	100	29,000	Humboldt (NV-1)	44,000	100	44,000
California Total	29,000		29,000	Lander (NV-2)	50,000	100	50,000
				Mineral (NV-4)	38,000	100	38,000
Colorado				White Pine (NV-5)	14,000	100	14,000
Pueblo	134,000	100	134,000	Nevada Total	146,000		146,000
Elbert (CO-6)	34,000	100	34,000				
Seguache (CO-7)	50,000	100	50,000	New Mexico			
Huerfano (CO-8)	48,000	100	48,000	Lincoln (NM-6)	255,000	100	255,000
Costilla (CO-9)	30,000	100	30,000	New Mexico Total	255,000		255,000
Colorado Total	296,000		296,000				
				North Dakota			
Idaho				Blanchard	95,000	100	95,000
Idaho (ID-2) (3)	80,000	100	80,000	Fargo	171,000	100	171,000
Idaho Total	80,000		80,000	Grand Forks	108,000	100	108,000
				Divide (ND-1)	108,000	100	108,000
Iowa				Bottineau (ND-2)	62,000	100	62,000
Sioux City	123,000	100	123,000	McKenzie (ND-4)	63,000	100	63,000
Monona (IA-8)	55,000	100	55,000	Kidder (ND-5)	48,000	100	48,000
Iowa Total	178,000		178,000	North Dakota Total	651,000		651,000
Kansas				Oklahoma			
Jewell (KS-3)	54,000	100	54,000	Beckham (OK-7)	133,000	100	133,000
Marshall (KS-4)	137,000	100	137,000	Jackson (OK-8)	99,000	100	99,000
Ellsworth (KS-8)	171,000	100	131,000	Oklahoma Total	232,000		232,000
Morris (KS-9)	59,000	100	59,000				
Franklin (KS-10)	110,000	100	110,000	South Dakota			
Reno (KS-14)	177,000	100	177,000	Rapid City	114,000	100	114,000
Kansas Total	668,000		668,000	Sioux Falls	142,000	99	141,000
				Harding (SD-1)	38,000	100	38,000
Minnesota				Corson (SD-2)	23,000	100	23,000
Kittson (MN-1)	49,000	100	49,000	McPherson (SD-3)	54,000	100	54,000
Lake of the Woods (MN-2-A1)	26,000	100	26,000	Marshall (SD-4)	71,000	100	71,000
Chippewa (MN-7)	172,000	100	172,000	Custer (SD-5)	27,000	100	27,000
Lac qui Parle (MN-8)	68,000	100	68,000	Haskell (SD-6)	41,000	100	41,000
Pipestone (MN-9)	133,000	100	133,000	Sully (SD-7)	67,000	100	67,000
Minnesota Total	448,000		448,000	Kingsbury (SD-8)	74,000	100	74,000
				Harrison (SD-9)	100,000	100	100,000
Missouri				South Dakota Total	751,000		750,000
Dallas (MO-6)	81,000	100	81,000				
Missouri Total	81,000		81,000	Texas			
				Abilene	157,000	100	157,000
Montana				Lubbock	237,000	100	237,000
Billings	131,000	98	128,000	Midland	121,000	98	118,000
Great Falls	82,000	100	82,000	Odessa	125,000	98	120,000
Lincoln (MT-1)	158,000	100	158,000	San Angelo	103,000	100	103,000
Toole (MT-2)	37,000	100	37,000	Dallam (TX-1)	56,000	100	56,000
Malta (MT-3)	16,000	100	16,000	Hansford (TX-2)	89,000	100	89,000
Daniels (MT-4)	41,000	100	41,000	Panama (TX-3)	139,000	100	139,000
Mineral (MT-5)	194,000	100	194,000	Briscoe (TX-4)	40,000	100	40,000
Deer Lodge (MT-6)	68,000	100	68,000	Hardeman (TX-5)	77,000	100	77,000
Fergus (MT-7)	31,000	100	31,000	Gaines (TX-6)	136,000	100	136,000
Beaverhead (MT-8)	96,000	100	96,000	Hudspeth (TX-12)	27,000	100	27,000
Carbon (MT-9)	34,000	100	34,000	Reeves (TX-13)	33,000	100	33,000
Prairie (MT-10)	20,000	100	20,000	Loving (TX-14)	45,000	100	45,000
Montana Total	903,000		903,000	Texas Total	1,385,000		1,375,000

Cellular Markets (1)	Population (2)	Ownership Percentage	The Company's Population (2)	Cellular Markets (1)	Population (2)	Ownership Percentage	The Company's Population (2)
Midwest				Utah			
Lincoln	237,000	100	237,000	Asht (UT-3)	50,000	100	50,000
Cherry (PSC-2)	31,000	100	31,000	Beaver (UT-4)	119,000	100	119,000
Blair (PSC-4)	120,000	100	120,000	Pima (UT-6)	30,000	100	30,000
Great (PSC-4)	36,000	100	36,000	Utah Total	207,000		207,000
Calaveras (PSC-4) (4)	149,000	100	149,000				
Reda (PSC-4)	110,000	100	110,000	Myerburg			
Ham (PSC-7)	94,000	100	94,000	Casper	60,000	100	60,000
Chama (PSC-4)	59,000	100	59,000	Shoshone (WY-2)	80,000	100	80,000
Adams (PSC-4)	62,000	100	62,000	Douglas (WY-5)	13,000	49	6,000
Carr (PSC-4)	68,000	100	68,000	Wyoming Total	159,000		162,000
Midwest Total	1,005,000		1,005,000	Cellular Total	7,417,000		7,459,000

- (1) Excludes two markets containing a population of 226,000 in which the Company operates under an Interim Operating Authority (IOA).
- (2) Estimated 1998 populations are based on 1997 estimates by Equifax adjusted by the Company by a growth factor based upon Equifax's growth factors from 1995 to 1997.
- (3) The population for Idaho 2 includes 5,000 persons in Idaho 3 which the Company has construction permits to build Cell Sites under its Idaho 2 license.
- (4) The Company has entered into a definitive purchase agreement for this market. The transaction is expected to close during the third quarter of 1998. The Company previously operated this market under an IOA.

PCS Operations

The Company owns 111 PCS licenses, covering approximately 64.2 million persons. The Company operates PCS systems in the Honolulu, Salt Lake City, El Paso/Mexiquereque, Portland, Oklahoma City, Des Moines/Quad Cities and Denver BTA's, and is constructing the initial phase of its PCS systems in the Seattle, Phoenix and Tucson BTA's. The Company has not yet finalized its construction plans for all of the licenses purchased in the D and E Block auctions. Cook Inlet PCS provides service in the Tulsa, Oklahoma BTA, utilizing the VoiceStream brand name. Through joint ventures, PCS services are offered or will be offered under the VoiceStream brand name in the Wichita, Kansas BTA and certain BTA's in Iowa.

The Company believes its PCS service offerings are broader than those generally offered by cellular systems in the Company's PCS markets. PCS service offerings initially include all of the services typically provided by cellular systems, as well as paging, caller identification, text messaging, smart cards, voice mail, over-the-air activation and over-the-air subscriber profile management.

The Company's goal is to achieve significant market penetration by aggressively marketing competitively priced PCS services under its proprietary / VoiceStream brand name, offering enhanced services not generally provided by cellular operators and providing superior customer service. In addition, the Company is structured to be a low-cost provider of PCS services by taking advantage of the existing business infrastructure and business experience established in connection with its cellular operations, including centralized management, marketing, billing and customer service functions, and by focusing on efficient customer acquisition and retention. See "—Products and Services."

The Company's experience is that PCS technology is better suited to urban areas than rural areas and has cost advantages relative to cellular technology in urban areas. PCS Cell Sites operate at a higher frequency and lower power than cellular Cell Sites and, therefore, typically have a smaller coverage area. Unlike rural areas, wireless systems in urban areas require substantial frequency "reuse" to provide high capacity. The coverage advantage that cellular frequencies and analog technology enjoy in rural areas is not present in urban areas because analog cellular technology does not provide efficient frequency reuse. As a result, the higher frequency, lower power, digital PCS systems are likely to provide greater capacity in urban areas.

The Company has selected GSM as the digital standard for its PCS system because the Company believes it has significant advantages over the other competing digital standards, including the experience of years of proven operation in Europe and Asia, enhanced features and an open system architecture that will allow the Company to choose from a variety of

equipment options and providers. GSM is the leading digital wireless standard in the world, with over 66 million customers in 109 countries.

The Company has entered into roaming agreements or letters of intent with substantially all of the licensees which have chosen to deploy the GSM standard in their PCS markets in the United States which will provide for roaming by the Company's PCS subscribers into these carriers' PCS markets, and vice versa, when such systems are operational. The Company also has over 70 reciprocal roaming agreements or letters of intent with a variety of international carriers who have chosen to deploy the GSM standard. The Company anticipates entering into similar agreements with other domestic and international carriers who deploy the GSM standard and with other cellular carriers.

See the financial results of the Company's PCS operations in the footnotes to the consolidated financial statements located in Part II of the Form 10-K.

PCS Markets and Systems

The Company owns 111 FCC licenses to provide wireless PCS communications services in the markets listed below. The MTA licenses owned by the Company are 30 MHz blocks in the A and B Blocks and the BTA licenses are 10 MHz blocks in the D and E Blocks. See—"Governmental Regulation - Licensing of PCS Systems."

PCS MTA Markets	PCS BTA Markets	Population(1)	PCS MTA Markets	PCS BTA Markets	Population(1)
Honolulu		1,198,000	San Francisco	San Francisco	6,843,000
Portland		3,561,000	Spokane	Billings	325,000
Salt Lake City	St. George	3,120,000		Great Falls	167,000
		130,000		Walla Walla-Pendleton	168,000
Denver		4,641,000		Kamewick-Pasco-Richland	188,000
El Paso/Albuquerque		2,540,000		Missoula	171,000
Oklahoma City		2,009,000		Lewiston-Moscow	124,000
	Enid	67,000		Butte	68,000
	Oklahoma City	1,416,000		Bozeman	80,000
	Ponca City	47,000		Kallispeil	75,000
	Stillwater	77,000		Helena	69,000
Des Moines/Quad Cities (2) (4)		3,124,000	Wichita	Wichita	637,000
Seattle				Salina	147,000
	Seattle-Tacoma	2,968,000		Hutchinson	127,000
	Olympia-Centralia	323,000	Tulsa		
Phoenix				Coffeyville	63,000
	Phoenix	3,013,000	Omaha	Lincoln	335,000
	Tucson	812,000		Grand Island-Kearney	149,000
	Yuma	142,000		Norfolk	115,000
	Prescott	149,000		North Platte	86,000
	Flagstaff	115,000		Hastings	74,000
	Sierra Vista-Douglas	117,000		McCook	35,000
	Nogales	39,000	Kansas City	Manhattan-Junction City	124,000
San Antonio					
	San Antonio	1,783,000			
	Corpus Christi	559,000			
	McAllen	582,000			
	Brownsville-				
	Harlingen	352,000			
	Laredo	213,000			

PCS BTA Markets	PCS BTA Markets	Population(1)	PCS MTA Markets	PCS BTA Markets	Population(1)
Dallas			Minneapolis		
Austin	399,000	1,171,000	Fargo	214,000	314,000
Albuquerque	261,000	261,000	Grand Forks	214,000	214,000
Albuquerque (2)	220,000	220,000	Shore Falls	223,000	223,000
San Angelo	164,000	164,000	Bismarck	131,000	131,000
Midland (2)	126,000	126,000	Abilene	86,000	86,000
Paris	82,000	82,000	Midland	85,000	85,000
Clark	81,000	81,000	Wichita	78,000	78,000
Thomson	63,000	63,000	Bandag	64,000	64,000
Hobbs	58,000	58,000	Huron	55,000	55,000
Big Spring	35,000	35,000	Victoria-Midland	63,000	63,000
Lebock	405,000	405,000	Washington	86,000	86,000
St. Louis			Chicago		
Cardinal-St. Martin	2,092,000	2,092,000	Jacksonville	71,000	71,000
Colombia	218,000	218,000	Little Rock		
Cape Girardeau	208,000	208,000	Little Rock	844,000	844,000
Stanton	181,000	181,000	Fort Smith	315,000	315,000
Oshtemo-Hamilton	182,000	182,000	Fayetteville-Springdale		
Poplar Bluff	154,000	154,000	Regina	202,000	202,000
Jackson City	154,000	154,000	Jacksonville-Fargo	178,000	178,000
Mount Vernon	125,000	125,000	Pine Bluff	181,000	181,000
Centerville	83,000	83,000	Hot Springs	136,000	136,000
Rolla	77,000	77,000	Russellville	86,000	86,000
West Plains	57,000	57,000	Harrison	80,000	80,000
Ida Grove			Chickasha		
Indianapolis			Dayton-Springfield	1,225,000	1,225,000
Indianapolis	1,808,000	1,808,000	Richmond		
Cleveland			North VA Beach	1,781,000	1,781,000
Cleveland-Akron	2,968,000	2,968,000	Richmond-Fairfax	1,179,000	1,179,000
Canton	533,000	533,000	Durham	186,000	186,000
New Philadelphia	487,000	487,000	Lynchburg	187,000	187,000
Youngstown-Warren	280,000	280,000	Stanton-Weymouth	106,000	106,000
Erie	220,000	220,000	Marionville	88,000	88,000
Midland	135,000	135,000			
Stamford	122,000	122,000			
Sharon	113,000	113,000			
East Liverpool	104,000	104,000			
Salem	91,000	91,000			
Archbald					
Marionville					

PCS Total (3)

64,304,000

- (1) Estimated 1998 population are based on 1997 estimates by Equifax adjusted by the Company by a growth factor based upon Equifax's growth factors from 1995 to 1997.
- (2) "Causal Cities" refers to the cities of Medina and Rock Island, Illinois, and Bettendorf and Davenport, Iowa.
- (3) The Company was the high bidder on two 10 MHz licenses in these BTAs.
- (4) The Company owns a license for the Des Moines/Quad Cities MTA consisting of the following: 30 MHz in seven urban counties within the Des Moines BTA, which is part of the Des Moines/Quad Cities MTA, and 10 MHz in all the other counties within the Des Moines/Quad Cities MTA. The Company contributed the other 20 MHz in the Des Moines/Quad Cities MTA to a joint venture that will operate such markets utilizing the VoiceStream brand name. The population of the markets to be served by this joint venture is 2,556,000.
- (5) Total PCS pops reflected here are net of the Oklahoma BTA markets which overlap the Oklahoma MTA markets and the Salt Lake City BTA markets which overlap the Salt Lake City MTA markets.

Cook Inlet PCS is a Delaware limited partnership ultimately controlled by Cook Inlet Region, Inc., an Alaska Native Regional Corporation, which qualifies Cook Inlet PCS for additional benefits available to a small business. The Company has a 49.9% partnership interest in Cook Inlet PCS. Cook Inlet PCS began operations in the Tulsa BTA in June of 1997. Cook Inlet PCS has not yet finalized its construction plans for the other licenses it owns.

Cook Inlet PCS owns FCC licenses to provide wireless PCS communications services in 21 separate BTA markets. The licenses owned by Cook Inlet PCS are 30 MHz blocks in the C Block except as noted below. See —"Governmental Regulation - Licensing of PCS Systems."

PCS MTA Markets	PCS BTA Markets	Population (1)
Seattle	Seattle-Tecoma (2)	2,988,000
	Yakima	249,000
	Bremerton	239,000
	Wenatchee	199,000
	Aberdeen	89,000
	Port Angeles	89,000
	Bellingham (2)	155,000
Spokane	Spokane	729,000
	Walla Walla-Pendleton	168,000
Phoenix	Phoenix (2)	3,013,000
	Tucson (2)	812,000
Dallas	Temple-Killeen (2)	361,000
	Wichita Falls	216,000
	Sherman-Denison	162,000
Tulsa	Tulsa	905,000
	Muskogee	161,000
	Colleyville	63,000
	Bartlesville	47,000
Kansas City	Pittsburg-Parsons (2)	92,000
Minneapolis	Worthington (3)	96,000
Cincinnati	Cincinnati (2)	2,136,000
	Total	12,989,000

(1) Estimated 1998 populations are based on 1997 estimates by Equifax adjusted by the Company by a growth factor based upon Equifax's growth factors from 1995 to 1997.

(2) Represents a 10 MHz license obtained in the F Block auctions. See —"Governmental Regulation - Licensing of PCS Systems."

(3) Cook Inlet PCS has entered into an agreement to sell this license to a third party. This transaction is anticipated to close during the second quarter of 1998.

Products and Services

The Company provides a variety of wireless products and services designed to match a range of needs for business and personal use.

Cellular

The Company offers its subscribers high quality cellular communications, as well as several custom calling services, such as call forwarding, call waiting, conference calling, voice message storage and retrieval and no-answer transfer. In addition, all subscribers can access local government emergency services from their cellular handsets (with no air time charge) by dialing 911. The Company will continue to evaluate new products and services that may be complementary to its wireless operations. The Company has designed several pricing options to meet the varied needs of its customer base. Most options consist of a fixed monthly charge (with varying allotments of included minutes, in some cases), plus additional variable charges per minute of use. In addition, in most cases the Company separately charges for its custom calling features.

The Company provides extended regional and national service to cellular subscribers in its markets, through its membership in North American Cellular Network ("NACN") and other regional networking arrangements, thereby allowing them to make and receive calls while in other cellular service areas without dialing special access codes. NACN is the largest wireless telephone network system in the world, linking non-wireline cellular operators throughout the United States, Canada, Puerto Rico and the Virgin Islands. The Company also has special roaming arrangements with certain cellular carriers in areas adjacent to the Company's markets that provide the Company's customers attractive rates when roaming in these surrounding areas.

PCS

The Company currently offers several distinct services and features in its PCS systems, including:

Enhanced Features—The Company's PCS systems offer caller identification, call hold, voice mail and numeric paging, as well as custom calling features such as call waiting, conference calling and call forwarding.

Messaging and Wireless Data Transmission—Digital networks offer voice and data communications, including text messaging, through a single handset. The Company believes that, as data transmission services develop, a number of uses for such services will emerge.

Call Security and Privacy—Sophisticated encryption algorithms provide increased call security, encouraging users to make private, business and personal calls with significantly lower risk of eavesdropping than on analog-based systems.

Smart Card—"Smart" cards, programmed with the user's billing information and a specified service package, allow subscribers to obtain PCS connectivity automatically, simply by inserting their smart cards into compatible PCS handsets.

Over-the-Air Activation and Over-the-Air Subscriber Profile Management—The Company is able to transmit changes in the subscriber's feature package, including mobile number assignment and personal directory numbers, directly to the subscriber's handset.

Extended Battery Performance—Digital handsets are capable of entering into a "sleep" mode when not in use, significantly extending the handset's battery performance. In addition, because the Company's PCS systems utilize tightly spaced, low power transmitters, less power is required to transmit calls, thereby further extending battery performance.

Roaming—Subscribers are able to roam in substantial portions of the United States, either on other GSM-based PCS systems operated by current licensees or by using dual-mode handsets that can be used on existing cellular systems. The Company has entered into roaming agreements which allow its PCS customers to roam on cellular systems. The Company has been advised by the manufacturers of dual-mode handsets that such handsets will be commercially available in significant quantities in the first half of 1998 and it has entered into agreements with suppliers to acquire dual-mode handsets when available.

Marketing, Sales and Customer Service

The Company's sales and marketing strategy is to generate continued net subscriber growth and increased subscriber revenues. In addition, the Company targets a customer base which it believes is likely to generate higher monthly service revenues, while attempting to achieve a low cost of adding new subscribers. The Company markets its services under nationally recognized and proprietary brand names, and sells its products and services through a combination of direct and indirect distribution channels.

Marketing

The Company markets its cellular products and services in all markets principally under the name CELLULAR ONE. CELLULAR ONE, the first national brand name in the cellular industry, is currently utilized by a national coalition of cellular licensees in the 50 states with a combined estimated population of over 191 million. The national advertising campaign conducted by the Cellular One Group enhances the Company's advertising exposure at a lesser cost than what could be achieved by the Company alone.

The Company markets its PCS products and services under its proprietary VoiceStream brand name. The Company's objective is to develop brand recognition of VoiceStream through substantial advertising and direct marketing in each of its PCS markets. In marketing its PCS services, the Company intends to emphasize the enhanced features, privacy and competitive pricing of such services. Initially, the Company intends to concentrate its PCS marketing efforts primarily on businesses and individuals "on-the-go," which would benefit from integrated mobile voice, messaging and wireless data transmission capabilities, and subscribers with substantial needs for wireless communications, who would benefit from enhanced features and services.

Sales

The Company sells its products and services through a combination of direct and indirect channels. The Company operates 234 local sales offices (which also serve as retail sales locations), including 149 under the CELLULAR ONE brand name, 14 under the CellularOne Express brand name and 71 under the VoiceStream brand name, and utilizes a direct sales force of over 1,150 persons based out of these offices, who are trained to educate new customers on the features of its products. Sales commissions generally are linked both to subscriber revenue and subscriber retention, as well as activation levels.

The Company believes that its local sales offices provide the physical presence in local markets necessary to position the Company as a quality local service provider, and give the Company greater control over both its costs and the sales process. The Company also utilizes indirect sales through an extensive network of national and local merchant and specialty retailers. The Company intends to continue to use a combination of direct and indirect sales channels, with the mix depending on the demographics of each particular market.

In addition, the Company acts as a retail distributor of handsets and maintains inventories of handsets. Although subscribers generally are responsible for purchasing or otherwise obtaining their own handsets, the Company has historically sold handsets below cost to respond to competition and in accordance with general industry practice.

Customer Service

Customer service is a significant element of the Company's operating philosophy. The Company is committed to attracting and retaining subscribers by providing consistently superior customer service. At its headquarters in Issaquah, Washington, the Company maintains a highly sophisticated monitoring and control system, a staff of customer service personnel and a well-trained technical staff to handle both routine and complex questions as they arise, 24 hours a day, 365 days a year.

The Company implements credit check procedures at the time of sale and continuously monitors customer churn (the rate of subscriber attrition). The Company believes that it helps manage its churn through an outreach program by its sales force and customer service personnel. This program not only enhances subscriber loyalty, but also increases add-on sales and customer referrals. The outreach program allows the sales staff to check customer satisfaction, as well as to offer additional calling features, such as voice mail, call waiting and call forwarding.

The Company opened a customer call center in Albuquerque, New Mexico, during the second half of 1997. This facility, along with the Company's customer call center in Issaquah, Washington, will support the Company's current cellular and PCS customers and will be able to support the Company's expected subscriber growth for the foreseeable future. As these customer call centers are in different regions of the country, they will also provide backup for one another in case of natural disaster, which will allow the Company to maintain continuous customer service.

Suppliers and Equipment Vendors

The Company does not manufacture any of the handsets or Cell Site equipment used in the Company's operations. The high degree of compatibility among different manufacturer's models of handsets and Cell Site equipment allows the Company to design, supply and operate its systems without being dependent upon any single source of such equipment. The handsets and Cell Site equipment used in the Company's operations are available for purchase from multiple sources, and the Company anticipates that such equipment will continue to be available in the foreseeable future. The Company currently purchases handsets primarily from Motorola, Inc., Ericsson Inc. and Nokia Telecommunications, Inc. The Company currently purchases Cell Site and switching equipment primarily from Northern Telecom, Inc., Lucent Technologies, Inc. and Nokia Telecommunications, Inc.

Competition

Competition for subscribers among wireless licensees is based principally upon the services and features offered, the technical quality of the wireless system, customer service, system coverage, capacity and price. Such competition may increase to the extent that licenses are transferred from smaller, stand-alone operators to larger, better capitalized and more experienced wireless communications operators who may be able to offer subscribers certain network advantages similar to those offered by the Company.

Under current FCC rules, there may be up to six PCS licenses in each geographic area in addition to the two existing cellular licenses. Also, the FCC has licensed Specialized Mobile Radio ("SMR") dispatch system operators to construct digital mobile communications systems on existing SMR frequencies, referred to as Enhanced Specialized Mobile Radio ("ESMR"), in many cities throughout the United States, including some of the markets in which the Company operates. The Company has one cellular competitor in each of its cellular markets including AirTouch Cellular Communications, Inc. ("AirTouch"), Alliant Communications, Inc., CommNet Cellular Inc., Kansas Cellular, Southwestern Bell Mobile Systems and United States Cellular Corporation ("US Cellular"), and there may be as many as six PCS licensees in each of its markets. Currently, the Company's principal competitors in its PCS business are PCS PrimeCo L.P., Sprint Spectrum L.P., and AT&T Wireless Services Inc. ("AT&T Wireless"), as well as the two existing cellular providers in its PCS markets. ESMR systems, including those operated by Nextel Communications, Inc., are competitive with the Company's cellular and PCS systems. The Company also competes with paging, dispatch and conventional mobile telephone companies, resellers and landline telephone service providers in its cellular and PCS markets. Potential users of cellular systems may, however, find their communications needs satisfied by other current and developing technologies. One or two-way paging or beeper services that feature voice messaging and data display as well as tone only service may be adequate for potential subscribers who do not need to speak to the caller. In the future, cellular service may also compete more directly with traditional landline telephone service providers.

The Company's PCS business directly competes with existing cellular service providers in its PCS markets, many of which have been operational for a number of years and have significantly greater financial and technical resources than those available to the Company and who may upgrade their systems to provide comparable services in competition with the Company's PCS systems. These cellular competitors include AT&T Wireless, AirTouch and US Cellular.

The FCC requires all cellular and PCS licensees to provide service to "resellers." A reseller provides wireless service to customers but does not hold an FCC license or own facilities. Instead, the reseller buys blocks of wireless telephone numbers and capacity from a licensed carrier and resells service through its own distribution network to the public. Thus, a reseller is both a customer of a wireless licensee's services and also a competitor of that licensee. Several small resellers currently operate in competition with the Company's systems. With respect to PCS licensees, the resale obligations terminate five years after the last group of initial licenses of currently allotted PCS spectrum is awarded.

In the future, the Company expects to face increased competition from entities providing similar services using other communications technologies, including satellite-based telecommunications systems. While some of these technologies and services are currently operational, others are being developed or may be developed in the future.

The Company recognizes that technological advances and changing regulations have led to rapid evolution of the wireless telecommunications industry. At the end of 1996, the FCC, as required by the Omnibus Budget Reconciliation Act of 1993, transferred 200 MHz of spectrum previously allocated to Federal Government use to the private sector. In April of 1997, the FCC auctioned 30 MHz of spectrum for Wireless Communications Services, which can provide fixed or mobile telecommunications service. In late 1997, the FCC also auctioned 10 MHz of spectrum for Specialized Mobile Radio service, another potential competitor with PCS and cellular service. Moreover, in 1998, the FCC commenced the auction of more than 1000 MHz of spectrum for the Local Multipoint Distribution Service, in which the Company is participating. It also plans 1998 to auction in 25 MHz of spectrum for the General Wireless Communications Service, plus additional spectrum in the 220 MHz and 39 GHz bands. The Company cannot foresee how technological progress or economic incentive will affect competition from these new services. In all instances, the FCC reserves the right to amend or repeal its service regulations and auction schedule.

Governmental Regulation

The FCC regulates the licensing, construction, operation, acquisition and sale of cellular and PCS systems in the United States pursuant to the Communications Act of 1934 (the "Communications Act"), as amended from time to time, and the rules, regulations and policies promulgated by the FCC thereunder.

Licensing of Cellular Communications Systems

A cellular communications system operates under a protected geographic service area license granted by the FCC for a particular market on one of two frequency blocks allocated for cellular service. One license for each market was initially awarded to a company or group that was affiliated with a local landline telephone carrier in such market and is called the wireline or "B" band license and the other license is called the non-wireline or "A" band license. Following notice of completion of construction, a cellular operator obtains initial operating authority. Cellular authorizations are generally issued for a 10-year term beginning on the date of the initial notification of construction by a cellular carrier. Under FCC rules, the authorized service area of a cellular provider in each of its markets is referred to as the Cellular Geographic Service Area or CGSA. A cellular licensee has the exclusive right to serve the entire area that falls within the licensee's MSA or RSA for a period of five years after grant of the licensee's construction permit. At the end of the five-year period, however, the licensee's exclusive CGSA rights become limited to the area actually served by the licensee as of that time, as determined pursuant to a formula adopted by the FCC. After the five-year period any entity may apply to serve portions of the MSA or RSA not being served by the licensee. The five year exclusivity period has expired for most licensees and parties have filed unserved area applications, including some in the Company's markets.

Near the conclusion of the 10-year license term, licensees must file applications for renewal of licenses. The FCC has adopted specific standards to apply to cellular renewals, under which standard the FCC will award a renewal expectancy to a cellular licensee that (i) has provided substantial service during its past license term and (ii) has substantially complied with applicable FCC rules and policies and the Communications Act. Violations of the Communications Act or the FCC's rules could result in license revocations, forfeitures or fines. The Company has approximately 35 cellular licenses which will be subject to renewal in the next three years. While the Company believes that each of its cellular licenses will be renewed, there can be no assurance that all of the licenses will be renewed.

Cellular radio service providers must also satisfy a variety of FCC requirements relating to technical and reporting matters. One such requirement is the coordination of proposed frequency usage with adjacent cellular users, permittees and licensees in order to avoid electrical interference between adjacent systems. In addition, the height and power of base station transmitting facilities and the type of signals they emit must fall within specified parameters. The FCC has also provided guidelines respecting cellular service resale and roaming practices and the terms under which certain ancillary services may be provided through cellular facilities.

Cellular and PCS systems are subject to certain FAA regulations respecting the location, lighting and construction of transmitter towers and antennae and may be subject to regulation under the National Environmental Policy Act and the environmental regulations of the FCC. State or local zoning and land use regulations also apply to the Company's activities. The Company uses, among other facilities, common carrier point to point microwave facilities to connect Cell Sites and to link them to the main switching office. These facilities are separately licensed by the FCC and are subject to regulation as to technical parameters and service.

The Communications Act preempts state and local regulation of the entry of, or the rates charged by, any provider of commercial mobile radio service ("CMRS") or any private mobile radio service ("PMRS"), which CMRS includes cellular (and PCS) service.

Transfers and Assignments of Cellular Licenses

The Communications Act and FCC rules require the FCC's prior approval of the assignment or transfer of control of a construction permit or license for a cellular system (proforma transfer of control does not require prior FCC approval). Subject to FCC approval, a license or permit may be transferred from a nonwireline entity to a wireline entity, or vice versa. Non-controlling interests in an entity that holds a cellular license or cellular system generally may be bought or sold without prior FCC approval. Any acquisition or sale by the Company of cellular interests may also require the prior approval of the Federal Trade Commission and the Department of Justice, if over a certain size, as well as any state or local regulatory authorities having competent jurisdiction.

In addition, the FCC's rules prohibit the alienation of any ownership interest in an RSA application, or an entity holding such an application, prior to the grant of a construction permit. For unserved cellular areas, no change of control may take place until after the FCC has granted both a construction permit and a license and the licensee has provided service to the public for at least one year. These restrictions affect the ability of prospective purchasers, including the Company, to enter into agreements for RSA and unserved area acquisitions prior to the lapse of the applicable transfer restriction periods. The restriction on sales of interests in RSA and unserved area applications and on agreements for such sales should not have a greater effect on the Company than on any other prospective buyer.

Licensing of PCS Systems

In order to increase competition in wireless communications, promote improved quality and service and make available the widest possible range of wireless services, federal legislation was enacted directing the FCC to allocate radio frequency spectrum for PCS by competitive bidding. A PCS system operates under a protected geographic service area license granted by the FCC for a particular market on one of six frequency blocks allocated for broadband PCS service. The FCC has divided the United States and its possessions and territories into PCS markets made up of 493 BTAs and 51 MTAs. Each MTA consists of at least two BTAs. As many as six licensees will compete in each PCS service area. The FCC has allocated 120 MHz of radio spectrum in the 2 GHz band for licensed broadband PCS services. The FCC divided the 120 MHz of spectrum into six individual blocks, each of which is allocated to serve either MTAs or BTAs. The spectrum allocation includes two 30 MHz blocks (A and B Blocks) licensed for each of the 51 MTAs, one 30 MHz block (C Block) licensed for each of the 493 BTAs, and three 10 MHz blocks (D, E and F Blocks) licensed for each of the 493 BTAs. A PCS license will be awarded for each MTA or BTA in every block, for a total of more than 2,000 licenses. During 1997, the last of these auctions was completed; however, a reauction of certain C Block licenses is currently scheduled for the second half of 1998.

Under the FCC's current rules specifying spectrum aggregation limits affecting broadband PCS licensees, no entity may hold licenses for more than 45 MHz of PCS, cellular and SMR services regulated as CMRS where there is significant overlap in any geographic area (significant overlap will occur when at least ten percent of the population of the PCS licensed service area is within the CGSA(s) and/or SMR service area(s)).

The Company owns cellular licenses serving markets that are wholly or partially within the Denver MTA and the Oklahoma City MTA, resulting in the Company exceeding the FCC's current 45 MHz CMRS crossownership restriction described above. The Company has filed waiver requests with the FCC with respect to both MTAs, both of which are pending, and has been allowed to delay compliance with the ownership restriction until the FCC rules on the waiver requests. In the event that this restriction is not waived or the rule itself revised, the Company will be obligated to divest sufficient portions of its Denver and Oklahoma City PCS markets or its cellular holdings to come into compliance with the rules. The Company does not believe such restriction or any actions the Company is required to take to comply therewith will have a material adverse effect on the Company.

All PCS licenses will be granted for a ten year term, at the end of which they must be renewed. The FCC has adopted specific standards to apply to PCS renewals, under which the FCC will award a renewal expectancy to a PCS licensee that (i) has provided substantial service during its past license term and (ii) has substantially complied with applicable FCC rules and policies and the Communications Act. All 30 MHz PCS licensees, including the Company, must construct facilities that offer coverage to one-third of the population of their service area within five years of their initial license grants and to two-thirds of the population within ten years. Licensees that fail to meet the coverage requirements may be subject to forfeiture of the license.

FCC rules restrict the voluntary assignments or transfers of control of C and F Block licenses. During the first five years of the license term, assignments or transfers affecting control are permitted only to assignees or transferees that meet the eligibility criteria for participation in the entrepreneur block auction at the time the application for assignment or transfer of control is filed, or if the proposed assignee or transferee holds other licenses for C and F Blocks and, at the time of receipt of such licenses, met the same eligibility criteria. Any transfers or assignments during the entire ten year initial license term are subject to unjust enrichment penalties, i.e., forfeiture of any bidding credits and acceleration of any installment payment plans should the assignee or transferee not qualify for the same benefits. In the case of the C and F Blocks, the FCC will conduct random audits to ensure that licensees are in compliance with the FCC's eligibility rules. Violations of the Communications Act or the FCC's rules could result in license revocations, forfeitures or fines.

For a period of up to ten years after the grant of a PCS license (subject to extension), a PCS licensee will share spectrum with existing licensees that operate certain fixed microwave systems within its license area. To secure a sufficient amount of unencumbered spectrum to operate its PCS systems efficiently and with adequate population coverage, the Company will need to relocate many of these incumbent licensees. In an effort to balance the competing interests of existing microwave users and newly authorized PCS licensees, the FCC has adopted (i) a transition plan to relocate such microwave operators to other spectrum blocks and (ii) a cost sharing plan so that if the relocation of an incumbent benefits more than one PCS licensee, the benefiting PCS licensees will share the cost of the relocation. Initially, this transition plan allowed most microwave users to operate in the PCS spectrum for a two-year voluntary negotiation period and an additional one-year mandatory negotiation period. The FCC has shortened the voluntary negotiation period by one year (without lengthening the mandatory negotiation period) for PCS licensees in the C, D, E and F Blocks. For public safety entities dedicating a majority of their system communications for police, fire or emergency medical services operations, the voluntary negotiation period is three years, with an additional two year mandatory negotiation period. Parties unable to reach agreement within these time periods may refer the matter to the FCC for resolution, but the incumbent microwave user is permitted to continue its operations until final FCC resolution of the matter. The transition and cost sharing plans expire on April 4, 2005, at which time remaining incumbents in the PCS spectrum will be responsible for their costs to relocate to alternate spectrum locations.

Transfers and Assignments of PCS Licenses

The Communications Act and FCC rules require the FCC's prior approval of the assignment or transfer of control of a license for a PCS system (proforma transfer of control does not require prior FCC approval). In addition, the FCC has established transfer disclosure requirements that require licensees who transfer control of or assign a PCS license within the first three years of their license term to file associated contracts for sale, option agreements, management agreements or other documents disclosing the total consideration that the licensee would receive in return for the transfer or assignment of its license. Non-controlling interests in an entity that holds a PCS license or PCS system generally may be bought or sold without FCC approval. Any acquisition or sale by the Company of PCS interests may also require the prior approval of the Federal Trade Commission and the Department of Justice, if over a certain size, as well as state or local regulatory authorities having competent jurisdiction.

Foreign Ownership

Under the Communications Act, no more than 25% of an FCC licensee's capital stock may be indirectly owned or voted by non-U.S. citizens or their representatives, by a foreign government, or by a foreign corporation, absent a FCC finding that a higher level of alien ownership is not inconsistent with the public interest. In November 1997, the FCC adopted new rules, effective in February 1998, in anticipation of implementation of the World Trade Organization Basic Telecom Agreement ("WTO Agreement"). Formerly, potential licensees had to demonstrate that their markets offered effective competitive opportunities in order to obtain authorization to exceed the 25% indirect foreign ownership threshold. Under the new rules, this showing now only applies to non-WTO members. Applicants from WTO Agreement signatories have an "open entry" standard: they are presumed to offer effective competitive opportunities. However, the FCC reserves the right to attach additional conditions to a grant of authority, and, in the exceptional case in which an application poses a very high risk to competition, to deny the application. The limitation on direct foreign ownership in an FCC licensee remains fixed at 20%, with no opportunity to increase the percentage, and is unaffected by the FCC's new rules.

The WTO Agreement also obligates signatories to open their domestic telecommunications markets to foreign investment and foreign corporations. The WTO Agreement will increase investment and competition in the United States potentially leading to lower prices, enhanced innovation and better service. At the same time, market access commitment from WTO Agreement signatories will provide U.S. service suppliers opportunities to expand abroad.

Telecommunications Act of 1996 and Other Recent Industry Developments

On February 8, 1996, the Telecommunications Act of 1996 (the "Telecommunications Act") was signed into law, substantially revising the regulation of communications. The goal of the Telecommunications Act is to enhance competition and remove barriers to market entry, while deregulating the communications industry to the greatest extent possible. To this end, local and long-distance communications providers will, for the first time, be able to compete in the other's market, and telephone and cable companies will likewise be able to compete in each other's markets. To facilitate the entry of new carriers into existing markets, the Telecommunications Act imposes certain interconnection requirements on incumbent carriers. Additionally, all telecommunications providers are required to make an equitable and nondiscriminatory contribution to the preservation and advancement of universal service. The Company cannot predict the outcome of the FCC's rulemaking proceedings to promulgate regulations to implement the new law or the effect of the new regulations on cellular service or PCS, and there can be no assurance that such regulations will not adversely affect the Company's business or financial condition.

At present, cellular providers, other than the regional Bell operating companies, have the option of using only one designated long distance carrier. The Telecommunications Act codifies the policy that CMRS providers will not be required to provide equal access to long distance carriers. The FCC, however, may require CMRS carriers to offer unblocked access (i.e., implemented by the subscriber's use of a carrier identification code or other mechanisms at the time of placing a call) to the long distance provider of a subscriber's choice. The FCC has terminated its inquiry into the imposition of equal access requirements on CMRS providers.

On July 26, 1996, the FCC released a Report and Order establishing timetables for making emergency 911 services available by cellular, PCS and other mobile service providers, including "enhanced 911" services that provide the caller's telephone number, location and other useful information. Cellular and PCS providers must be able to process and transmit 911 calls (without call validation), including those from callers with speech or hearing disabilities. If a cost recovery mechanism is in place and a Public Service Answering Point ("PSAP") requests and is capable of processing the caller's telephone number and location information, cellular, PCS, and other mobile service provider must relay a caller's automatic number identification and Cell Site location, and by 2001 they must be able to identify the location of a 911 caller within 125 meters in 67% of all cases. State actions incompatible with the FCC rules are subject to preemption. On December 1, 1997, the FCC required wireless carriers to transmit all 911 calls without regard to validation procedures intended to identify and intercept calls from non-subscribers.

On August 1, 1996, the FCC released a Report and Order expanding the flexibility of cellular, PCS and other CMRS providers to provide fixed as well as mobile services. Such fixed services include, but need not be limited to, "wireless local loop" services, e.g., to apartment and office buildings, and wireless backup to PBXs and local area networks, to be used in the event of interruptions due to weather or other emergencies. The FCC has not yet decided how such fixed services should be regulated, but it has proposed a presumption that they be regulated as CMRS services.

On August 8, 1996, the FCC released its order implementing the interconnection provisions of the Telecommunications Act. The FCC's decision is lengthy and complex and is subject to petitions for reconsideration and judicial review (as described below), and its precise impact is difficult to predict with certainty. However, the FCC's order concludes that CMRS providers are entitled to reciprocal compensation arrangements with local exchange carriers ("LECs") and prohibits LECs from charging CMRS providers for terminating LEC-originated traffic. Under the rules adopted by the FCC, states must set arbitrated rates for interconnection and access to unbundled elements based upon the LECs' long-run incremental costs, plus a reasonable share of forward-looking joint and common costs. In lieu of such cost-based rates, the FCC has established proxy rates to be used by states to set interim interconnection rates pending the establishment of cost-based rates. The FCC has also permitted states to impose "bill and keep" arrangements, under which CMRS providers would make no payments for LEC termination of calls where LECs and CMRS providers have symmetrical termination costs and roughly balanced traffic flows. However, the FCC has found no evidence that these conditions presently exist. The relationship of these charges to the payment of access charges and universal service contributions has not yet been resolved by the FCC. LECs and state regulators filed appeals of the interconnection order, which have been consolidated in the US Court of Appeals for the Eighth Circuit. The Court has vacated many of the rules adopted by the FCC, including those rules governing the pricing of interconnection services, but specifically affirmed the FCC rules governing interconnection with CMRS providers. In January 1998, the U.S. Supreme Court agreed to review the Eighth Circuit decision.

In its implementation of the Telecommunications Act, the FCC recently established new federal universal service rules, under which wireless service providers for the first time are eligible to receive universal service subsidies, but also are required to contribute to both federal and state universal service funds. For the first quarter of 1998, the FCC's universal

service assessments amount to 0.72% of interstate and intrastate telecommunications revenues for schools, libraries and rural healthcare support mechanisms and an additional 3.18% of interstate telecommunications revenues for high cost and low income support mechanisms. Various parties have challenged the FCC's universal service rules, and the cases have been consolidated in the U.S. Court of Appeals for the Fifth Circuit. The Company cannot predict the outcome of this proceeding.

The FCC has adopted rules on telephone number portability which will enable subscribers to migrate their landline and cellular telephone numbers to a PCS carrier and from a PCS carrier to another service provider. Various parties have challenged the number portability requirements as they apply to CMRS providers. These challenges are still pending at the FCC and in the courts. The Company can not predict the outcome of such challenges.

Intellectual Property

CELLULAR ONE is a service mark registered with the United States Patent and Trademark Office. The service mark is owned by Cellular One Group, a Delaware general partnership comprised of Cellular One Marketing, Inc., a subsidiary of Southwestern Bell Mobile Systems, together with Cellular One Development, Inc., a subsidiary of AT&T and Vanguard Cellular Systems, Inc. The Company uses the CELLULAR ONE service mark to identify and promote its cellular telephone service pursuant to licensing agreements with Cellular One Group. The licensing agreements require the Company to provide high-quality cellular telephone service to its customers, and to maintain a certain minimum overall customer satisfaction rating in surveys commissioned by Cellular One Group. The licensing agreements that the Company has entered into are for original five-year terms expiring on various dates. Assuming compliance by the Company with the provisions of the agreements, each of these agreements may be renewed at the Company's option for three additional five-year terms.

Western Wireless and VoiceStream are service marks owned by the Company and registered with the United States Patent and Trademark Office. "Tele-Waves," a service mark owned by one of the Company's subsidiaries, is registered with the United States Patent and Trademark Office and is the service mark under which the Company provides its paging services.

Employees and Labor Relations

The Company considers its labor relations to be good and, to the Company's knowledge, none of its employees is covered by a collective bargaining agreement. As of December 31, 1997, the Company employed a total of approximately 3,210 people in the following areas:

<u>Category</u>	<u>Number of Employees</u>
Sales and marketing	1,670
Engineering	390
General and administration, including customer service	1,150

Item 2. PROPERTIES

In addition to the direct and attributable interests in cellular, PCS and paging licenses and other similar assets discussed previously, the Company leases its principal executive offices located primarily in Issaquah and Bellevue, Washington. The Company and its subsidiaries and affiliates also lease and own locations for inventory storage, microwave, Cell Site and switching equipment and local sales and administrative offices. The Company is currently seeking additional space in or near Issaquah to support the growth of its principal executive offices.

The Company leases a distribution center in Denver, which stores and distributes handset inventory for all of the Company's cellular and PCS operations. The facility has adequate space to support the growth of the Company's distribution network which will grow with the expansion of the Company's PCS markets.

The Company leases from the City of Albuquerque a customer call center in Albuquerque, New Mexico. This facility is approximately 65,000 square feet and, along with the Company's current customer call center in Issaquah, Washington, is expected to support the Company's anticipated subscriber growth for the foreseeable future.

Item 3. LEGAL PROCEEDINGS

A subsidiary of the Company received a Civil Investigative Demand (the "Demand") from the U.S. Department of Justice Antitrust Division (the "Antitrust Division") requiring the Company to produce certain documents and answer certain interrogatories in connection with the Antitrust Division's investigation of possible bid rigging and market allocation for licenses auctioned by the FCC for broadband PCS frequency blocks. The Company has cooperated with the Antitrust Division's requests. On March 16, 1998, the same subsidiary of the Company received a Notice of Apparent Liability for Forfeiture ("NALF") from the FCC in the amount of \$1.2 million. This NALF was issued by the FCC in connection with its investigation of compliance by auction participants with FCC PCS auction rules. The Company has thoroughly cooperated with the FCC investigation and will continue to do so. The Company believes its conduct was consistent with FCC rules and regulations pertaining to the auction. The Company will promptly file its opposition to the NALF and believes the Company will prevail. The amount of the NALF, if upheld, is not material to the financial position of the Company.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Executive Officers of the Registrant

The names, ages and positions of the executive officers and key personnel of the Company are listed below along with their business experience during the past five years. The business address of all officers of the Company is 2001 NW Samaritan Road, Issaquah, Washington 98027. All of these individuals are citizens of the United States. Executive officers of the Company are appointed by the Board of Directors. No family relationships exist among any of the executive officers of the Company, except for Mr. Stanton and Ms. Gillespie, who are married to each other.

Names	Age	Position
John W. Stanton	42	Chairman, Director and Chief Executive Officer
Donald Guthrie	42	Vice Chairman and Chief Financial Officer
Robert A. Stapleton	39	President
Michael J. Thomsen	41	Chief Operating Officer
Theresa E. Gillespie	45	Senior Vice President
Alan R. Bender	43	Senior Vice President, General Counsel, and Secretary
Craig B. Baumgaert	41	Senior Vice President - Corporate Development
Timothy R. Wong	42	Vice President - Engineering
Robert P. Dodson	37	Vice President - Marketing
Bradley J. Henwitz	42	Vice President - International
Patricia L. Miller	35	Controller and Principal Accounting Officer

John W. Stanton has been a director, Chairman of the Board and Chief Executive Officer of the Company since its formation in July 1984. Mr. Stanton has been Chief Executive Officer of GOC since March 1992, and was Chairman of the Board of GOC from March 1992 to December 1995. Mr. Stanton has served as Chairman of the Board and Chief Executive Officer of PNI Cellular, Inc. (PNI Cellular), the former General Partner of MCCLP since its formation in October 1992. Mr. Stanton served as a director of McCaw Cellular Communications, Inc. (McCaw) from 1986 to 1994, and as a director of LIN Broadcasting Corporation (LIN Broadcasting) from 1990 to 1994, during which time it was a publicly traded company. From 1983 to 1991, Mr. Stanton served in various capacities with McCaw, serving as Vice-Chairman of the Board of McCaw from 1988 to September 1991 and as Chief Operating Officer of McCaw from 1985 to 1988. Mr. Stanton is also a member of the Board of Directors of Advanced Digital Information Corporation, Columbia Sportswear, Inc. and SmartTone (Hong Kong). In addition, Mr. Stanton is a trustee of Whitman College, a private college. Mr. Stanton is currently Second Vice Chairman of the Cellular Telephone Industry Association (CTIA).

Donald Guthrie has been Vice Chairman of the Company since November 1995 and Chief Financial Officer of the Company since February 1997. From 1986 to October 1995 he served as Senior Vice President and Treasurer of McCaw and, from 1990 to October 1995 he served as Senior Vice President—Finance of LIN Broadcasting.

Robert A. Stapleton has been President of the Company since its formation in July 1994. Effective April 1998, Mr. Stapleton will be responsible for all PCS operations of the Company. Mr. Stapleton was President of GOC from November 1992 until the formation of the Company. From August 1989 to November 1992, he served in various positions with GOC including Chief Operating Officer and Vice President of Operations. From 1984 to 1989, Mr. Stapleton was employed by mobile communications subsidiaries of Pacific Telestar, Inc., which now are affiliated with AirTouch Communications.

Michael J. Thomsen has been Chief Operating Officer of the Company since its formation in July 1994. Effective April 1998, Mr. Thomsen will be responsible for all cellular operations of the Company. Mr. Thomsen was a director and Chief Operating Officer of MCCLP and its predecessor from its inception in 1991 until the Company's formation in July 1994. From 1983 to 1991, Mr. Thomsen held various positions at McCaw, serving as General Manager of its International Division from 1990 to 1991 and as General Manager of its West Florida Region from 1987 to 1990.

Theresa E. Gillespie has been Senior Vice President of the Company since February 1997. Prior to that, Ms. Gillespie was Chief Financial Officer of the Company since its formation in July 1994. Ms. Gillespie was Chief Financial Officer of MCLP and its predecessor since its inception in 1991 until the Company's formation in July 1994. Ms. Gillespie has been Chief Financial Officer of certain entities controlled by Mr. Stanton and Ms. Gillespie since 1988. From 1986 to 1987, Ms. Gillespie was Senior Vice President and Controller of McCaw. From 1975 to 1986 she was employed by a national public accounting firm.

Alan R. Bender has been Senior Vice President, General Counsel, and Secretary of the Company since its formation in July 1994. Mr. Bender joined GCC in April 1990, as Senior Counsel, and was named Secretary in June 1990, General Counsel in August 1990 and Vice President in March 1992. From 1988 to 1990, Mr. Bender was Vice President and Senior Counsel of a subsidiary of PacificCorp Inc.

Cregg B. Baumbaugh has been Senior Vice President—Corporate Development of the Company since its formation in July 1994. From November 1989 through the present, he has served in various positions with GCC, including Vice President—Business Development. From 1986 to 1989, Mr. Baumbaugh was employed by The First Boston Corporation.

Timothy R. Wong has been Vice President—Engineering of the Company since January 1996. From 1990 to 1995, Mr. Wong held various positions at U S WEST Cellular, serving as Executive Director—Engineering and Operations from 1994 to 1995, Director of Wireless Systems Engineering in 1993, Manager of International Wireless Engineering in 1992, and Manager—Systems Design from 1990 to 1991.

Robert P. Dotson has been Vice President—Marketing of the Company since May 1996. Previously, Mr. Dotson held various marketing positions with PepsiCo's KFC restaurant group, serving as Senior Director of Concept Development from 1994 to 1996, Director of International Marketing from 1993 to 1994, Divisional Marketing Director from 1991 to 1993 and Manager of New Product Development and Base Business Marketing from 1989 through 1991.

Bradley J. Horwitz has been Vice President—International of the Company and President of Western Wireless International Corporation, a subsidiary of the Company, since November 1995. From 1983 to 1995, Mr. Horwitz held various positions at McCaw, serving as Vice President—International Operations from 1992 to 1995, Director—Business Development from 1990 to 1992 and Director of Paging Operations from 1986 to 1990. Mr. Horwitz is currently a member of the Board of Directors of SmartTone (Hong Kong).

Patricia L. Miller has been Controller and Principal Accounting Officer of the Company since January 1998. From 1993 to 1997, Ms. Miller held various accounting positions with the Company. Prior to 1993, Ms. Miller held various accounting positions with a subsidiary of Weyerhaeuser Company.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to the Company's 1997 Annual Report to Stockholders. As of March 2, 1998, there were approximately 251 and 113 shareholders of record of the Company's Class A and Class B Common Stock, respectively.

The table below sets forth the sales of unregistered equity securities made by the registrant in 1997:

<u>Title and Amount of Security</u>	<u>Date of Sale</u>	<u>Exemption</u>
1,600,000 shares of Class A Common Stock	October 1997	Reg D (1)

- (1) Issued to Stockholders of Triad Investment Minnesota, Inc. ("TIM") in consideration of all of the issued and outstanding stock of TIM.

Item 6. SELECTED FINANCIAL DATA

The information required by this item is incorporated by reference to the information included under the caption "Selected Financial Data" in the Company's 1997 Annual Report to Stockholders.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this item is incorporated by reference to the information included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 1997 Annual Report to Stockholders.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated by reference to the information included under the captions "Consolidated Statements of Operations", "Consolidated Balance Sheets", "Consolidated Statements of Cash Flows", "Consolidated Statements of Stockholders' Equity", "Notes to Consolidated Financial Statement" and "Report of Independent Auditors" in the Company's 1997 Annual Report to Stockholders.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information on directors of the registrant called for by this item is incorporated by reference to the section entitled "Election of Directors and Management Information" in the Company's Proxy Statement for its 1998 annual shareholders meeting to be filed with the United States Securities and Exchange Commission. The information on executive officers of the registrant called for by this item is included herein in the section entitled "Executive Officers of the Registrant."

Item 11. EXECUTIVE COMPENSATION

The information called for by this item is incorporated by reference to the section entitled "Executive Compensation" in the Company's Proxy Statement for its 1998 annual shareholders meeting to be filed with the United States Securities and Exchange Commission.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information called for by this item is incorporated by reference to the section entitled "Security Ownership of Certain Beneficial Owners and Management" in the Company's Proxy Statement for its 1998 annual shareholders meeting to be filed with the United States Securities and Exchange Commission.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information called for by this item is incorporated by reference to the section entitled "Certain Relationships and Related Transactions" in the Company's Proxy Statement for its 1998 annual shareholders meeting to be filed with the United States Securities and Exchange Commission.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K

(A) Financial Statements and Schedule

The financial statements and schedules are incorporated herein by reference to the Company's 1997 Annual Report to Stockholders.

The Company's 1997 Annual Report to Stockholders is not deemed filed as part of this report except for those parts specifically incorporated herein by reference.

(B) Reports on Form 8-K

A Form 8-K was filed on October 14, 1997, reporting a proposed investment by Hutchison Telecommunications Limited ("HTL") in the Company and by a subsidiary of HTL, Hutchison Telecommunications PCS (USA) Limited, in Western PCS Corporation.

A Form 8-K was filed on December 8, 1997, reporting the close of the initial investment by HTL in the Company.

(C) Exhibits

Exhibit	Description
3.1 ⁽¹⁾	Amended and Restated Articles of Incorporation of the Registrant
3.2 ⁽¹⁾	Bylaws of the Registrant
4.1 ⁽²⁾	Indenture between Western Wireless Corporation and Harris Trust Company of California, dated May 22, 1996
4.2 ⁽²⁾	Indenture between Western Wireless Corporation and Harris Trust Company of California, dated October 24, 1996
4.3 ⁽²⁾	Form of Supplemental Indenture to be entered into between Western Wireless Corporation and Harris Trust Company of California, relating to the 10 1/2% Senior Subordinated Notes Due 2007
4.4 ⁽²⁾	Form of Supplemental Indenture to be entered into between Western Wireless Corporation and Harris Trust Company of California, relating to the 10 1/2% Senior Subordinated Notes Due 2006
10.1 ⁽¹⁾	Loan Agreement between Western PCS II Corporation and Northern Telecom Inc., dated June 30, 1995
10.2 ⁽¹⁾	PCS 1900 Project and Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated June 30, 1995
10.3 ⁽¹⁾	Purchase Agreement between Motorola Nortel Communications Co. and General Cellular Corporation, dated July 29, 1993
10.4 ⁽¹⁾	Loan Agreement among Western Wireless Corporation and The Toronto-Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the Various Lenders, dated June 30, 1995
10.5 ⁽¹⁾	First Amendment to Loan Agreement by and among Western Wireless Corporation, The Toronto-Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the Various Lenders, dated January 11, 1996
10.6 ⁽¹⁾	Supply Contract by and between Western PCS Corporation and Nokia Telecommunications Inc., dated December 14, 1995
10.7 ⁽¹⁾	Purchase and Sale Agreement, Nokia Mobile Phones, Inc. and Western Wireless Corporation, dated November 10, 1995

Exhibit	Description
10.8 ⁽¹⁾	Western Wireless Corporation, 1994 Management Incentive Stock Option Plan, approved, as adopted and amended, by Shareholders November 16, 1995 together with form of Stock Option Agreement for offers thereunder
10.9 ⁽¹⁾	Stockholders Agreement by and among Western Wireless Corporation and certain of its shareholders, dated July 29, 1994
10.10 ⁽¹⁾	First Amendment to Stockholders Agreement by and among Western Wireless Corporation and certain of its shareholders, Adding as a Party Western PCS Corporation, dated November 30, 1994
10.11 ⁽¹⁾	Waiver Agreement by and among Western Wireless Corporation, Western PCS Corporation and certain of Western Wireless Corporation's shareholders, dated November 30, 1994
10.12 ⁽¹⁾	Waiver Agreement by and among Western Wireless Corporation, Western PCS Corporation and certain of Western Wireless Corporation's shareholders, dated February 15, 1996
10.13 ⁽¹⁾	Voting Agreement by and among Western Wireless Corporation and certain of its shareholders, dated July 29, 1994
10.14 ⁽¹⁾	Voting Agreement by and among Western Wireless Corporation and certain of its shareholders
10.15 ⁽¹⁾	Lease Agreement by and between WWC Holding Co., Inc., successor in interest to MARKETS Cellular Limited Partnership, and WRC Properties, Inc., dated May 1, 1994
10.16 ⁽¹⁾	Lease Agreement by and between Western Wireless Corporation and Department of Natural Resources, dated August 25, 1995
10.17 ⁽¹⁾	First Amendment to Lease Agreement by and between Western Wireless Corporation and Department of Natural Resources, dated February 28, 1996
10.18 ⁽¹⁾	Form of Cellular One Group License Agreement
10.19 ⁽¹⁾	Asset Purchase Agreement between Western PCS III License Corporation as Buyer and GTE Mobilnet Incorporated as Seller, dated January 16, 1996
10.20 ⁽¹⁾	Purchase and Sale Agreement by and between Robert O. Tyler, Esq., as Trustee, Seller, and GCC License Corporation, Purchaser, dated December 22, 1995
10.21 ⁽¹⁾	Agreement for Purchase and Sale of Autoplex Cellular Equipment, Software and Services by and among American Telephone and Telegraph Company, WWC Holding Co., Inc., successor to MARKETS Cellular Limited Partnership and MCII General Partnership, dated March 17, 1993
10.22 ⁽¹⁾	Agreement and Plan of Reorganization by and among Palouse Paging, Inc., the Shareholders of 100% of the Stock of Palouse Paging, Inc., Western Paging I Corporation and Western Wireless Corporation, dated February 5, 1996
10.23 ⁽¹⁾	First Amendment to Agreement and Plan of Reorganization by and among Western Paging I Corporation, the former Shareholders of 100% of the Stock of Palouse Paging, Inc. and Western Wireless Corporation
10.24 ⁽¹⁾	Agreement and Plan of Reorganization by and among Sawtooth Paging, Inc., the Shareholders of 52.93% of the Stock of Sawtooth Paging, Inc., Western Paging II Corporation and Western Wireless Corporation, dated February 5, 1996
10.25 ⁽¹⁾	Employment Agreement by and between John W. Stanton and Western Wireless Corporation, dated March 12, 1996
10.26 ⁽¹⁾	Employment Agreement by and between Robert A. Stapleton and Western Wireless Corporation, dated March 12, 1996
10.27 ⁽¹⁾	Employment Agreement by and between Mikal J. Thomsen and Western Wireless Corporation, dated March 12, 1996
10.28 ⁽¹⁾	Employment Agreement by and between Theresa E. Gillespie and Western Wireless Corporation, dated March 12, 1996

Exhibit

Description

10.26 ⁹⁹	Employment Agreement by and between Alan R. Bender and Western Wireless Corporation, dated March 12, 1996
10.30 ⁹⁹	Employment Agreement by and between Gregg B. Baumbaugh and Western Wireless Corporation, dated March 12, 1996
10.31 ⁹⁹	Employment Agreement by and between Donald Gutrie and Western Wireless Corporation, dated March 12, 1996
10.32 ⁹⁹	Form of Registrant's Restrictive Covenant and Confidentiality Agreement
10.33 ⁹⁹	Form of Director and Officer Indemnification Agreement
10.34 ⁹⁹	Western PCS Corporation Series A Preferred Stock Purchase Agreement among Western Wireless Corporation, Western PCS Corporation and the Purchasers listed therein, dated April 10, 1995
10.35 ⁹⁹	PCS Block "C" Organization and Financing Agreement by and among Western PCSBTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation and Providence Media Partners L.P., dated as of November 5, 1995
10.36 ⁹⁹	Limited Partnership Agreement by and between Cook Inlet PV/SS PCS Partners, L.P. and Western PCS BTA I Corporation dated as of November 5, 1995
10.37 ⁹⁹	First Amendment to Block "C" Organization and Financing Agreement and Cook Inlet Western Wireless PV/SS PCS, L.P. Limited Partnership Agreement by and among Western PCS BTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation and Providence Media Partners L.P., dated as of April 8, 1996
10.38 ⁹⁹	Amended and Restated Loan Agreement among Western Wireless Corporation and The Toronto-Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the Various Lenders, dated May 6, 1996
10.39 ⁹⁹	Second Amendment to Block "C" Organization and Financing Agreement and Cook Inlet Western Wireless PV/SS PCS, L.P. Limited Partnership Agreement by and among Western PCS BTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation and Providence Media Partners L.P., dated as of June 27, 1996
10.40 ⁹⁹	Third Amendment to Block "C" Organization and Financing Agreement and Cook Inlet Western Wireless PV/SS PCS, L.P. Limited Partnership Agreement and First Amendment to Technical Services Agreement by and among Western PCS BTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation, Providence Media Partners L.P. and Cook Inlet Western Wireless PV/SS PCS, L.P., dated July 30, 1996
10.41 ⁹⁹	General Agreement for Purchase of Cellular Systems between Lucent Technologies Inc. and Western Wireless Corporation, dated September 16, 1996
10.42 ⁹⁹	Amendment No. 1 to PCS 1800 Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated July 25, 1996
10.43 ⁹⁹	Amendment No. 2 to PCS 1800 Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated July 25, 1996
10.44 ⁹⁹	Amendment No. 3 to PCS Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated October 14, 1996
10.45 ⁹⁹	Western Wireless Corporation 1996 Employee Stock Purchase Plan
10.46 ⁹⁹	Western Wireless Corporation 1997 Executive Restricted Stock Plan
10.47 ⁹⁹	Form of First Amendment to Amended and Restated Loan Agreement among Western Wireless Corporation and The Toronto Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the various lenders, dated March 27, 1997
10.48 ⁹⁹	Purchase Agreement, dated April 24, 1997, by and among Western Wireless Corporation, Tied Texas, L.P., Tied Utah, L.P., Tied Oklahoma, L.P., Tied Cellular Corporation and Tied Cellular L.P.

Exhibit	Description
10.49 ^(a)	Purchase Agreement, dated April 24, 1997, by and between Western Wireless Corporation and Triad Cellular Corporation.
10.50 ^(a)	Agreement and Plan of Merger, dated April 24, 1997, by and among Western Wireless Corporation, Minnesota Cellular Corporation, Triad Investment Minnesota, Inc., Barry B. Lewis, Craig W. Viehweg, Terry E. Purvis, Triad Cellular Corporation, Triad Cellular L.P., and Triad Minnesota, L.P.
10.51 ^(a)	Purchase Agreement, dated April 24, 1997, by and between Western Wireless Corporation and Triad Cellular, L.P.
10.52 ^(a)	First Amendment to Loan Agreement, dated as of March 6, 1997, among Western PCS II Corporation, Northern Telecom Inc., NTFC Capital Corporation and Export Development Corporation
10.53 ^(a)	Second Amendment to Loan Agreement, dated as of April 15, 1997, among Western PCS II Corporation, Northern Telecom Inc., NTFC Capital Corporation and Export Development Corporation
10.54 ^(a)	Second Amendment to Amended and Restated Loan Agreement by and among Western Wireless Corporation, various financial institutions, and The Toronto-Dominion Bank, Barclays Bank PLC and Morgan Guaranty Trust Company of New York as Managing Agents dated May 28, 1997.
10.55 ^(a)	Stock Subscription Agreement by and among Western Wireless Corporation, Hutchison Telecommunications Limited and Hutchison Telecommunications Holdings (USA) Limited dated October 14, 1997.
10.56 ^(a)	Purchase Agreement by and among Western PCS Corporation, Western Wireless Corporation, Hutchison Telecommunications Limited and Hutchison Telecommunications PCS (USA) Limited dated October 14, 1997.
10.57 ^(a)	Form of Cash Management Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.58 ^(a)	Form of Roaming Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.59 ^(a)	Form of Services Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.60 ^(a)	Form of Shareholders Agreement by and among Western Wireless Corporation, Hutchison Telecommunications PCS (USA) Limited and Western PCS Corporation.
10.61 ^(a)	Form of Tax Sharing Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.62 ^(a)	Agreement to Form Limited Partnership dated September 30, 1997, by and among Western PCS I Iowa Corporation, a Delaware corporation, INS Wireless, Inc., an Iowa corporation, Western PCS I Corporation, a Delaware corporation, and Iowa Network Services, Inc., an Iowa corporation.
10.63 ^(a)	Iowa Wireless Services, L.P. Limited Partnership Agreement dated as of September 30, 1997, by and between INS Wireless, Inc., as General Partner, and Western PCS I Iowa Corporation, as Limited Partner.
10.64 ^(a)	Software License Maintenance and Subscriber Billing Services Agreement dated June 1997.
10.65 ^(a)	First Amendment to Software License, Maintenance and Subscriber Billing Services Agreement dated December 1997, between CSC Intelicom, Inc., and Western Wireless Corporation.
10.66 ^(a)	Letter agreement dated December 16, 1997 between Western Wireless Corporation and Intelicom Services Inc. to provide products and services pursuant to the Software License Maintenance and Subscriber Billing Services Agreements and First Amendment thereto.
13.1	Market for Registrant's Common Equity and Related Stockholder Matters.
13.2	Selected Financial Data
13.3	Management's Discussion and Analysis of Financial condition and Results of Operations
13.4	Financial Statements and Supplementary Data
21.1 ⁽¹⁾	Subsidiaries of the Registrant
23.1	Consent of Arthur Andersen LLP

Exhibit	Description
27.1	Financial Data Schedule
99.1 ⁽¹⁾	Report on Form 8-K dated June 19, 1997
(1)	Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-1 (Securities and Exchange Commission (the "Commission") File No. 333-2432).
(2)	Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-1 (Commission File No. 333-2688).
(3)	Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-4 (Commission File No. 333-14859).
(4)	Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-8 (Commission File No. 333-18137).
(5)	Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-1 (Commission File No. 333-14859).
(6)	Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-3 (Commission File No. 333-14859).
(7)	Incorporated herein by reference to the exhibit filed with the Company's Form 10-K for the year ended 12/31/96.
(8)	Incorporated herein by reference to the exhibit filed with the Company's Form 10-Q for the quarter ended 3/31/97.
(9)	Incorporated herein by reference to the exhibit filed with the Company's Form 10-Q for the quarter ended 6/30/97.
(10)	Incorporated herein by reference to the exhibit filed with the Company's Form 10-Q for the quarter ended 9/30/97.
(11)	Portions of this exhibit have been omitted and filed separately with the Secretary of the Commission pursuant to the Registrant's Application Requesting Confidential Treatment under Rule 246-2 of the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 27, 1998

WESTERN WIRELESS CORPORATION

By /s/
John W. Stanton
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/</u> John W. Stanton	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	Date: <u>March 27, 1998</u>
<u>/s/</u> Donald Guthrie	Vice Chairman and Chief Financial Officer (Principal Financial Officer)	Date: <u>March 27, 1998</u>
<u>/s/</u> Patricia L. Miller	Controller (Principal Accounting Officer)	Date: <u>March 27, 1998</u>
<u>/s/</u> John L. Bunce, Jr.	Director	Date: <u>March 27, 1998</u>
<u>/s/</u> Mitchell R. Cohen	Director	Date: <u>March 27, 1998</u>
<u>/s/</u> Daniel J. Evans	Director	Date: <u>March 27, 1998</u>
<u>/s/</u> Jonathan M. Nelson	Director	Date: <u>March 27, 1998</u>
<u>/s/</u> Terence O'Toole	Director	Date: <u>March 27, 1998</u>

EXHIBIT INDEX

Exhibit	Description
3.1 ^(a)	Amended and Restated Articles of Incorporation of the Registrant
3.2 ^(a)	Bylaws of the Registrant
4.1 ^(a)	Indenture between Western Wireless Corporation and Harris Trust Company of California, dated May 22, 1996
4.2 ^(a)	Indenture between Western Wireless Corporation and Harris Trust Company of California, dated October 24, 1996
4.3 ^(a)	Form of Supplemental Indenture to be entered into between Western Wireless Corporation and Harris Trust Company of California, relating to the 10 1/2% Senior Subordinated Notes Due 2007
4.4 ^(a)	Form of Supplemental Indenture to be entered into between Western Wireless Corporation and Harris Trust Company of California, relating to the 10 1/2% Senior Subordinated Notes Due 2006
10.1 ^(a)	Loan Agreement between Western PCS II Corporation and Northern Telecom Inc., dated June 30, 1995
10.2 ^(a)	PCS 1900 Project and Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated June 30, 1995
10.3 ^(a)	Purchase Agreement between Motorola Nortel Communications Co. and General Cellular Corporation, dated July 29, 1993
10.4 ^(a)	Loan Agreement among Western Wireless Corporation and The Toronto-Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the Various Lenders, dated June 30, 1995
10.5 ^(a)	First Amendment to Loan Agreement by and among Western Wireless Corporation, The Toronto-Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the Various Lenders, dated January 11, 1996
10.6 ^(a)	Supply Contract by and between Western PCS Corporation and Nokia Telecommunications Inc., dated December 14, 1995
10.7 ^(a)	Purchase and Sale Agreement, Nokia Mobile Phones, Inc. and Western Wireless Corporation, dated November 10, 1995
10.8 ^(a)	Western Wireless Corporation, 1994 Management Incentive Stock Option Plan, approved, as adopted and amended, by Shareholders November 16, 1995 together with form of Stock Option Agreement for offers thereunder
10.9 ^(a)	Stockholders Agreement by and among Western Wireless Corporation and certain of its shareholders, dated July 29, 1994
10.10 ^(a)	First Amendment to Stockholders Agreement by and among Western Wireless Corporation and certain of its shareholders, Adding as a Party Western PCS Corporation, dated November 30, 1994
10.11 ^(a)	Waiver Agreement by and among Western Wireless Corporation, Western PCS Corporation and certain of Western Wireless Corporation's shareholders, dated November 30, 1994
10.12 ^(a)	Waiver Agreement by and among Western Wireless Corporation, Western PCS Corporation and certain of Western Wireless Corporation's shareholders, dated February 15, 1996
10.13 ^(a)	Voting Agreement by and among Western Wireless Corporation and certain of its shareholders, dated July 29, 1994
10.14 ^(a)	Voting Agreement by and among Western Wireless Corporation and certain of its shareholders
10.15 ^(a)	Lease Agreement by and between WWC Holding Co., Inc., successor in interest to MARKETS Cellular Limited Partnership, and WRC Properties, Inc., dated May 1, 1994
10.16 ^(a)	Lease Agreement by and between Western Wireless Corporation and Department of Natural Resources, dated August 25, 1995

Exhibit	Description
10.17 ⁽¹⁾	First Amendment to Lease Agreement by and between Western Wireless Corporation and Department of Natural Resources, dated February 28, 1996
10.18 ⁽¹⁾	Form of Cellular One Group License Agreement
10.19 ⁽¹⁾	Asset Purchase Agreement between Western PCS III License Corporation as Buyer and GTE Mobilonet Incorporated as Seller, dated January 16, 1996
10.20 ⁽¹⁾	Purchase and Sale Agreement by and between Robert O. Tyler, Esq., as Trustee, Seller, and GCC License Corporation, Purchaser, dated December 22, 1995
10.21 ⁽¹⁾	Agreement for Purchase and Sale of Autoplex Cellular Equipment, Software and Services by and among American Telephone and Telegraph Company, WWC Holding Co., Inc., successor to MARKETS Cellular Limited Partnership and MCII General Partnership, dated March 17, 1993
10.22 ⁽¹⁾	Agreement and Plan of Reorganization by and among Palouse Paging, Inc., the Shareholders of 100% of the Stock of Palouse Paging, Inc., Western Paging I Corporation and Western Wireless Corporation, dated February 5, 1996
10.23 ⁽¹⁾	First Amendment to Agreement and Plan of Reorganization by and among Western Paging I Corporation, the former Shareholders of 100% of the Stock of Palouse Paging, Inc. and Western Wireless Corporation
10.24 ⁽¹⁾	Agreement and Plan of Reorganization by and among Sawtooth Paging, Inc., the Shareholders of 52.93% of the Stock of Sawtooth Paging, Inc., Western Paging II Corporation and Western Wireless Corporation, dated February 5, 1996
10.25 ⁽¹⁾	Employment Agreement by and between John W. Stanton and Western Wireless Corporation, dated March 12, 1996
10.26 ⁽¹⁾	Employment Agreement by and between Robert A. Stapleton and Western Wireless Corporation, dated March 12, 1996
10.27 ⁽¹⁾	Employment Agreement by and between Mikal J. Thomsen and Western Wireless Corporation, dated March 12, 1996
10.28 ⁽¹⁾	Employment Agreement by and between Theresa E. Gillespie and Western Wireless Corporation, dated March 12, 1996
10.29 ⁽¹⁾	Employment Agreement by and between Alan R. Bender and Western Wireless Corporation, dated March 12, 1996
10.30 ⁽¹⁾	Employment Agreement by and between Cregg B. Baumbaugh and Western Wireless Corporation, dated March 12, 1996
10.31 ⁽¹⁾	Employment Agreement by and between Donald Guthrie and Western Wireless Corporation, dated March 12, 1996
10.32 ⁽¹⁾	Form of Registrant's Restrictive Covenant and Confidentiality Agreement
10.33 ⁽¹⁾	Form of Director and Officer Indemnification Agreement
10.34 ⁽¹⁾	Western PCS Corporation Series A Preferred Stock Purchase Agreement among Western Wireless Corporation, Western PCS Corporation and the Purchasers listed therein, dated April 10, 1995
10.35 ⁽¹⁾	PCS Block "C" Organization and Financing Agreement by and among Western PCSBTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation and Providence Media Partners L.P. dated as of November 5, 1995
10.36 ⁽¹⁾	Limited Partnership Agreement by and between Cook Inlet PV/SS PCS Partners, L.P. and Western PCS BTA I Corporation dated as of November 5, 1995
10.37 ⁽¹⁾	First Amendment to Block "C" Organization and Financing Agreement and Cook Inlet Western Wireless PV/SS PCS, L.P. Limited Partnership Agreement by and among Western PCS BTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation and Providence Media Partners L.P. dated as of April 8, 1996

Exhibit	Description
10.38 ^(a)	Amended and Restated Loan Agreement among Western Wireless Corporation and The Toronto-Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the Various Lenders, dated May 6, 1996
10.39 ^(a)	Second Amendment to Block "C" Organization and Financing Agreement and Cook Inlet Western Wireless PV/SS PCS, L.P. Limited Partnership Agreement by and among Western PCS BTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation and Providence Media Partners L.P. dated as of June 27, 1996
10.40 ^(a)	Third Amendment to Block "C" Organization and Financing Agreement and Cook Inlet Western Wireless PV/SS PCS, L.P. Limited Partnership Agreement and First Amendment to Technical Services Agreement by and among Western PCS BTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation, Providence Media Partners L.P. and Cook Inlet Western Wireless PV/SS PCS, L.P., dated July 30, 1996
10.41 ^(a)	General Agreement for Purchase of Cellular Systems between Lucent Technologies Inc. and Western Wireless Corporation, dated September 16, 1996
10.42 ^(a)	Amendment No. 1 to PCS 1900 Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated July 25, 1996
10.43 ^(a)	Amendment No. 2 to PCS 1900 Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated July 25, 1996
10.44 ^(a)	Amendment No. 3 to PCS Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated October 14, 1996
10.45 ^(a)	Western Wireless Corporation 1996 Employee Stock Purchase Plan
10.46 ^(a)	Western Wireless Corporation 1997 Executive Restricted Stock Plan
10.47 ^(a)	Form of First Amendment to Amended and Restated Loan Agreement among Western Wireless Corporation and The Toronto Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the various lenders, dated March 27, 1997
10.48 ^(a)	Purchase Agreement, dated April 24, 1997, by and among Western Wireless Corporation, Triad Texas, L.P., Triad Utah, L.P., Triad Oklahoma, L.P., Triad Cellular Corporation and Triad Cellular L.P.
10.49 ^(a)	Purchase Agreement, dated April 24, 1997, by and between Western Wireless Corporation and Triad Cellular Corporation.
10.50 ^(a)	Agreement and Plan of Merger, dated April 24, 1997, by and among Western Wireless Corporation, Minnesota Cellular Corporation, Triad Investment Minnesota, Inc., Barry B. Lewis, Craig W. Viehweg, Terry E. Purvis, Triad Cellular Corporation, Triad Cellular L.P., and Triad Minnesota, L.P.
10.51 ^(a)	Purchase Agreement, dated April 24, 1997, by and between Western Wireless Corporation and Triad Cellular, L.P.
10.52 ^(a)	First Amendment to Loan Agreement, dated as of March 6, 1997, among Western PCS II Corporation, Northern Telecom Inc., NTF Capital Corporation and Export Development Corporation
10.53 ^(a)	Second Amendment to Loan Agreement, dated as of April 15, 1997, among Western PCS II Corporation, Northern Telecom Inc., NTF Capital Corporation and Export Development Corporation
10.54 ^(a)	Second Amendment to Amended and Restated Loan Agreement by and among Western Wireless Corporation, various financial institutions, and The Toronto-Dominion Bank, Barclays Bank PLC and Morgan Guaranty Trust Company of New York as Managing Agents dated May 28, 1997.
10.55 ^(a)	Stock Subscription Agreement by and among Western Wireless Corporation, Hutchison Telecommunications Limited and Hutchison Telecommunications Holdings (USA) Limited dated October 14, 1997.
10.56 ^(a)	Purchase Agreement by and among Western PCS Corporation, Western Wireless Corporation, Hutchison Telecommunications Limited and Hutchison Telecommunications PCS (USA) Limited dated October 14, 1997.

Exhibit	Description
10.57 ⁽¹⁾	Form of Cash Management Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.58 ⁽²⁾	Form of Roaming Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.59 ⁽³⁾	Form of Services Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.60 ⁽⁴⁾	Form of Shareholders Agreement by and among Western Wireless Corporation, Hutchison Telecommunications PCS (USA) Limited and Western PCS Corporation.
10.61 ⁽⁵⁾	Form of Tax Sharing Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.62 ⁽⁶⁾	Agreement to Form Limited Partnership dated September 30, 1997, by and among Western PCS I Iowa Corporation, a Delaware corporation, INS Wireless, Inc., an Iowa corporation, Western PCS I Corporation, a Delaware corporation, and Iowa Network Services, Inc., an Iowa corporation.
10.63 ⁽⁷⁾	Iowa Wireless Services, L.P. Limited Partnership Agreement dated as of September 30, 1997, by and between INS Wireless, Inc., as General Partner, and Western PCS I Iowa Corporation, as Limited Partner.
10.64 ⁽⁸⁾	Software License Maintenance and Subscriber Billing Services Agreement dated June 1997.
10.65 ⁽⁹⁾	First Amendment to Software License, Maintenance and Subscriber Billing Services Agreement dated December 1997, between CSC Intelicom, Inc., and Western Wireless Corporation.
10.66 ⁽¹⁰⁾	Letter agreement dated December 16, 1997 between Western Wireless Corporation and Intelicom Services Inc. to provide products and services pursuant to the Software License Maintenance and Subscriber Billing Services Agreements and First Amendment thereto.
13.1	Market for Registrant's Common Equity and Related Stockholder Matters.
13.2	Selected Financial Data
13.3	Management's Discussion and Analysis of Financial condition and Results of Operations
13.4	Financial Statements and Supplementary Data
21.1 ⁽¹¹⁾	Subsidiaries of the Registrant
23.1	Consent of Arthur Andersen LLP
27.1	Financial Data Schedule
99.1 ⁽⁹⁾	Report on Form 8-K dated June 19, 1997

- (1) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-1 (Securities and Exchange Commission (the "Commission") File No. 333-2432).
- (2) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-1 (Commission File No. 333-2688).
- (3) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-4 (Commission File No. 333-14859).
- (4) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-8 (Commission File No. 333-18137).
- (5) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-1 (Commission File No. 333-14859).
- (6) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-3 (Commission File No. 333-14859).
- (7) Incorporated herein by reference to the exhibit filed with the Company's Form 10-K for the year ended 12/31/96.
- (8) Incorporated herein by reference to the exhibit filed with the Company's Form 10-Q for the quarter ended 3/31/97.
- (9) Incorporated herein by reference to the exhibit filed with the Company's Form 10-Q for the quarter ended 6/30/97.
- (10) Incorporated herein by reference to the exhibit filed with the Company's Form 10-Q for the quarter ended 9/30/97.
- (11) Portions of this exhibit have been omitted and filed separately with the Secretary of the Commission pursuant to the Registrant's Application Requesting Confidential Treatment under Rule 246-2 of the Securities Exchange Act of 1934.

Exhibit 13.1 MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company commenced its initial public offering on May 22, 1996, at a price to the public of \$23.50 per share. Since that date, the Company's Class A Common Stock has been traded on the NASDAQ Stock Market under the symbol WWCA. There currently is no established public trading market for the Company's Class B Common Stock. The following table sets forth the quarterly high and low bid quotations for the Class A Common Stock on the NASDAQ Stock Market. These quotations reflect the inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

<u>1997</u>	<u>High</u>	<u>Low</u>
First quarter.....	\$16 1/8	\$12
Second quarter	\$16 7/8	\$10
Third quarter.....	\$19 1/8	\$13 5/8
Fourth quarter.....	\$22 1/4	\$16 1/2

The Company has never declared or paid dividends on its Common Stock and does not anticipate paying dividends in the foreseeable future. In addition, certain provisions of the Senior Secured Facilities (as described in "Management's Discussion and Analysis of Results of Operations and Financial Condition - Liquidity and Capital Resources") and the indentures of its public debt offerings contain restrictions on the Company's ability to declare and pay dividends on its Common Stock.

Exhibit 13.2 SELECTED FINANCIAL DATA

The following table sets forth certain selected consolidated financial and operating data for the Company as of and for each of the five years in the period ended December 31, 1997, which was derived from the Company's consolidated financial statements and notes thereto that have been audited by Arthur Andersen LLP, independent public accountants. All of the data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's consolidated financial statements and notes thereto.

(Dollars in thousands, except per share data)

	Year Ended December 31,				
	1997	1996	1995	1994	1993
Consolidated Statements of Operations Data:					
Revenues.....	\$ 380,578	\$ 243,085	\$ 146,555	\$ 63,108	\$ 20,734
Operating Expenses.....	540,239	329,971	170,490	66,676	25,566
Operating loss.....	(159,661)	(86,886)	(23,935)	(23,568)	(4,832)
Other income (expense).....	(105,873)	(43,219)	(25,374)	(2,392)	8,191
Income (loss) before extraordinary item.....	(265,534)	(130,105)	(49,309)	(25,960)	3,329
Extraordinary item.....			(6,645)		
Net income (loss).....	\$ (265,534)	\$ (130,105)	\$ (55,954)	\$ (25,960)	\$ 3,329
Share data (1):					
Basic income (loss) per common share before extraordinary item.....	\$ (3.76)	\$ (2.00)	\$ (0.87)	\$ (0.59)	\$ 0.10
Per common share effect of extraordinary item.....			(0.12)		
Basic income (loss) per common share.....	\$ (3.76)	\$ (2.00)	\$ (0.99)	\$ (0.59)	\$ 0.10
Weighted average common shares used in computing basic income/loss per common share.....	70,692,000	65,196,000	56,470,000	43,949,000	32,253,000
Other Data:					
EBITDA (2).....	\$ (26,191)	\$ (7,145)	\$ 25,521	\$ 2,102	\$ 537

- (1) The number of shares outstanding has been calculated based on the requirements of Statement of Financial Accounting Standards No. 128.
- (2) EBITDA represents operating loss before depreciation and amortization. EBITDA is a measure commonly used in the industry but is not prepared in accordance with United States generally accepted accounting principals ("GAAP") and should not be considered as a measurement of net cash flows from operating activities. In 1994, the Company recorded provisions for restructuring costs of \$2.5 million. EBITDA before such provisions for restructuring costs would have been \$4.6 million.

(Dollars in thousands)

	December 31,				
	1997	1996	1995	1994	1993
Consolidated Balance Sheets Data:					
Current assets.....	\$ 138,752	\$ 149,790	\$ 37,508	\$ 38,789	\$ 14,886
Property and equipment, net.....	699,129	538,617	193,092	120,648	48,591
Licensing costs and other intangible assets, net.....	807,409	540,482	417,971	211,309	86,270
Other assets.....	74,683	12,814	9,857	1,468	6,219
Total assets.....	\$ 1,719,973	\$ 1,241,703	\$ 659,028	\$ 370,194	\$ 155,766
Current liabilities.....	\$ 130,545	\$ 144,454	\$ 55,936	\$ 39,214	\$ 16,447
Total long-term debt and other liabilities, net of current portion.....	1,395,000	743,000	362,487	200,567	53,430
Minority interests in equity of consolidated subsidiary.....				3,376	
Shareholders' equity.....	194,428	354,249	240,605	127,017	85,889
Total liabilities and shareholders' equity.....	\$ 1,719,973	\$ 1,241,703	\$ 659,028	\$ 370,194	\$ 155,766
Other Data:					
Cellular subscribers.....	520,000	324,200	209,500	112,800	30,000
PCS subscribers.....	128,600	35,500			

(Dollars in thousands)

	Year Ended December 31,				
	1997	1996	1995	1994	1993
Consolidated Statements of Cash Flows Data:					
Cash flows provided by (used in)					
Operating activities.....	\$ (114,498)	\$ (61,333)	\$ (745)	\$ (998)	\$ (255)
Investing activities.....	\$ (652,304)	\$ (489,036)	\$ (293,579)	\$ (70,190)	\$ (32,535)
Financing activities.....	\$ 727,376	\$ 598,732	\$ 295,109	\$ (70,777)	\$ 36,212

Exhibit 13.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the consolidated financial condition and results of operations of the Company and should be read in conjunction with the Company's consolidated financial statements and notes thereto and other financial information included herein. As a result of acquisitions, the Company's operating results for prior periods may not be indicative of future performance.

Overview

The Company provides wireless communications services in the western United States through the ownership and operation of cellular communications systems in 88 Rural Service Areas ("RSA") and Metropolitan Statistical Areas including 12 RSAs acquired from Triad Cellular Corporation, Triad Cellular L.P. and certain of their affiliates (collectively "Triad") in October 1997. The Company owns broadband personal communications services ("PCS") licenses in seven Major Trading Areas ("MTA"), each of which has commenced commercial operations. During 1997, the Company was granted 100 additional PCS licenses in the Federal Communication Commission's ("FCC") D and E Block auctions and acquired eight PCS licenses as part of its acquisition of Triad in October 1997. Cook Inlet Western Wireless PV/SS PCS, LP ("Cook Inlet PCS"), a partnership in which the Company holds a 49.9% limited partnership interest, owns broadband PCS licenses in 21 Basic Trading Areas ("BTA") including seven that were acquired in the FCC F Block auction during the first quarter of 1997. The first of these BTAs commenced commercial operations in June 1997.

The Company's revenues consist primarily of subscriber revenues (including access charges and usage charges), roamer revenues (fees charged for providing services to subscribers of other cellular communications systems when such subscribers, or "roamers," place or receive a phone call within one of the Company's service areas) and equipment sales. The majority of the Company's revenues are derived from subscriber revenues. The Company had no revenues from its paging or PCS systems prior to February 1, 1996, and February 29, 1996, respectively. Revenues from paging systems are included in other revenue. The Company expects to continue to sell cellular and PCS handsets below cost and regards these losses as a cost of building its subscriber base. As used herein, "service revenues" include subscriber, roamer and other revenue.

Cost of service consists of the cost of providing wireless service to subscribers, primarily including costs to access local exchange and long distance carrier facilities and maintain the Company's wireless network. General and administrative expenses include the costs associated with billing a subscriber and the administrative cost associated with maintaining subscribers, including customer service, accounting and other centralized functions. General and administrative expenses also include provisions for unbillable fraudulent roaming charges and subscriber bad debt. Sales and marketing costs include costs associated with acquiring a subscriber, including direct and indirect sales commissions, salaries, all costs of sales offices and retail locations, advertising and promotional expenses. Depreciation and amortization includes primarily depreciation expense associated with the Company's property and equipment in service and amortization associated with its wireless licenses for operational markets.

Certain centralized general and administrative costs, including customer service, accounting and other centralized functions, benefit all of the Company's operations. These costs are allocated to those operations in a manner which reflects management's judgment as to the nature of the activity causing those costs to be incurred.

As used herein, "EBITDA" represents operating loss before depreciation and amortization. EBITDA is a measure commonly used in the industry and should not be construed as an alternative to operating income (loss) (as determined in accordance with United States generally accepted accounting principles, "GAAP"), as an alternative to cash flows from operating activities (as determined in accordance with GAAP), or as a measure of liquidity. Cellular EBITDA represents EBITDA from the Company's cellular operations and PCS EBITDA represents EBITDA from the Company's PCS operations.

In the comparisons that follow, the Company has separately set forth certain information relating to cellular operations (including paging) and PCS operations. The Company believes that this is appropriate because its cellular systems have been operating for a number of years and operate in rural markets while its PCS systems did not commence operations until 1996 and operate in urban markets.

Results of Operations for the Years Ended December 31, 1997, 1996, and 1995

Cellular Operations

The Company had 520,000 cellular subscribers at December 31, 1997, representing an increase of 195,800 or 60.4% during 1997. At December 31, 1996 and 1995, the Company had 324,200 and 209,500 cellular subscribers, respectively, representing an increase of 54.7% during 1996 and 85.7% during 1995. In 1997, 1996, and 1995 the net number of subscribers added through system acquisitions was approximately 58,500, 4,900 and 3,300, respectively. Removing the effect of the Triad subscribers acquired in October 1997, the subscriber growth would have been 42.4% during 1997.

During the fourth quarter of 1997, the Company purchased from Triad the cellular business and assets of 12 RSAs in Texas, Utah, Oklahoma and Minnesota. This purchase was consummated on October 31, 1997, thus the operating results of the Company's cellular business for the twelve months ended December 31, 1997, may not be indicative of future performance.

The following table sets forth certain financial data as it relates to the Company's cellular operations:

(Dollars in thousands)	Year Ended December 31,				
	1997	% change	1996	% change	1995
Cellular revenues:					
Subscriber revenues	\$ 245,364	40.5%	\$ 174,647	65.7%	\$ 105,430
Roamer revenues	39,750	16.7%	34,065	14.9%	29,660
Equipment sales and other revenues	17,734	5.3%	16,834	46.8%	11,465
Total revenues	\$ 302,848		\$ 225,546		\$ 146,555
Cellular operating expenses:					
Cost of service	\$ 47,001	14.3%	\$ 41,130	48.6%	\$ 27,686
Cost of equipment sales	29,698	16.4%	25,516	23.2%	20,705
General and administrative	60,665	31.0%	46,484	64.9%	28,184
Sales and marketing	61,409	17.8%	52,147	27.0%	41,051
Depreciation and amortization	66,595	1.9%	65,346	32.9%	49,187
Total operating expenses	\$ 265,568		\$ 230,603		\$ 166,813

Cellular Revenues

Subscriber revenues have increased over the past three years due to the growth in the number of subscribers offset slightly by a decrease in the average monthly cellular subscriber revenue per subscriber. Average monthly cellular subscriber revenue per subscriber was \$51.13 in 1997, a 7.0% decline from \$54.96 in 1996, which was a 4.0% decline from \$57.25 in 1995. The Company anticipates this downward trend will continue in 1998. Over the past few years the cellular industry as a whole has also shown a decline in the average monthly cellular subscriber revenue per subscriber. Removing the effect of the Triad subscribers acquired in October 1997, the average monthly cellular subscriber revenue per subscriber was \$51.38 in 1997.

The increase in roamer revenues over the past three years was caused by an increase in roaming traffic and partially offset by decreases in the rates charged between carriers. While the Company expects total roamer minutes to continue to increase, the decline in the rates charged between carriers will limit the growth of roamer revenues.

Cellular equipment sales, which consist primarily of handset sales, decreased in 1997 primarily due to the decrease in the average cellular handset sales price despite the increase in net subscriber additions.

Cellular Operating Expenses

The increase in cost of service is primarily attributable to the increased number of subscribers. While cost of service increased in total dollars, it decreased as a percentage of service revenues to 16.2% in 1997 from 19.3% in 1996 and 20.5% in 1995 due primarily to efficiencies gained from the growing subscriber base.

The Company's general and administrative costs are principally considered to be variable costs, that is costs that will vary with the level of subscribers. The increases in total dollars are primarily attributable to the increase in costs associated with supporting the increased subscriber base. However, the general and administrative cost per average subscriber continues to decrease as a result of efficiencies gained from the growing subscriber base. The general and administrative cost per average subscriber decreased to \$12.60 in 1997 from \$14.58 in 1996 and \$15.08 in 1995. While the Company has not incurred material fraud or bad debt expenses to date and continues to develop and invest in measures to minimize such expenses, there can be no assurance that such expenses will not increase in the future.

Increases in sales and marketing costs are primarily due to the increase in net subscriber additions over the past three years. Although sales and marketing costs have increased, sales and marketing cost per net subscriber added, including the loss on equipment sales, declined to \$574 in 1997 from \$593 in 1996. This decrease is a result of strategically reduced advertising costs and is partially offset by an increase in the churn rate. Sales and marketing cost per net subscriber added increased to \$593 in 1996 from \$546 in 1995 largely due to an increase in the number of disconnected subscribers relative to the number of gross subscriber additions. Removing the effect of the Triad properties acquired in October 1997, sales and marketing costs would have been approximately \$59.8 million in 1997 and the cost per net subscriber added, including the loss on equipment sales, would have been \$578.

Cost of equipment sales increased primarily due to the increase in the number of handsets sold in 1997 as compared to 1996 and 1995. Offsetting this increase is a decrease caused by the decline in the average cost of handsets sold.

Increases in depreciation and amortization expense over the past three years are primarily due to the purchase of additional wireless communications system assets by the Company. In 1997, the increase in depreciation and amortization expense caused by the purchase of additional assets, including the acquisition of the Triad properties, was offset by the change in the life by which cellular licenses are amortized. Effective January 1, 1997, the Company prospectively changed its amortization period for cellular licensing costs from 15 years to 40 years to conform more closely with industry practices. The effect of this change in 1997 was to decrease net loss by approximately \$15 million and decrease the basic loss per share by \$0.21.

PCS Operations

The Company's PCS business did not commence operations in any of its markets until February 1996. From that date through the end of 1996 six of the original seven MTA licenses purchased by the Company launched service at various times. The last of the original seven MTA licenses, Denver, became operational in May of 1997. Due to the varying dates at which each of the MTAs became operational, the expenses and revenues incurred may not be representative of future operations. Additionally, during each period being discussed a portion of the operating expenses incurred in the Company's PCS operations were related to start-up costs incurred prior to the commencement of operations in each of the systems. Exclusive of depreciation and amortization expense, which was not material, approximately \$5.4 million and \$17.0 million of start-up costs were incurred in 1997 and 1996, respectively.

The Company had 128,600 PCS subscribers at December 31, 1997, representing an increase of 262.3% during 1997. At December 31, 1996, the Company had 35,500 PCS subscribers.

The following table sets forth certain financial data as it relates to the Company's PCS operations:

(Dollars in thousands)	Year Ended December 31,				
	1997	% change	1996	% change	1995
PCS revenues:					
Service revenues.....	\$ 52,587	574.7%	\$ 7,794		
Equipment revenues.....	25,143	158.0%	9,745		
Total revenues.....	\$ 77,730		\$ 17,539		
PCS operating expenses:					
Cost of service.....	\$ 43,183	246.3%	\$ 12,470		
Cost of equipment sales.....	53,489	157.2%	20,789		
General and administrative.....	51,878	155.7%	20,209	N.M.	\$ 3,089
Sales and marketing.....	59,486	88.8%	31,505	N.M.	339
Depreciation and amortization.....	66,875	364.6%	14,395	N.M.	299
Total operating expenses.....	\$ 274,671		\$ 99,368		\$ 3,677

PCS Revenues

PCS service revenues grew in 1997 primarily because all seven of the original MTAs were operational during the majority of 1997 while these same MTAs were only operational during a portion of 1996. Average monthly PCS subscriber revenue per subscriber was \$57.48 for 1997 as compared to \$62.85 for 1996. As the Company's PCS operations only began generating revenue during 1996, the year over year trend is not necessarily representative of future trends.

PCS equipment sales increased as a result of commercial operations in six of the Company's PCS MTAs during the entire twelve months of 1997 and the Denver MTA for eight months of 1997 as compared to only six MTAs having operations of various lengths throughout 1996. The Company anticipates continued growth in equipment sales as a result of increases in PCS subscriber additions and the commencement of commercial operations in other PCS markets.

PCS Operating Expenses

Cost of service expenses, cost of equipment sales, and depreciation and amortization expenses largely represent the expenses incurred by the operational PCS systems. Six of the PCS MTAs were operational during the entire twelve months in 1997 and the Denver MTA was operational for eight months of that period. Six of the PCS MTAs became operational during various times throughout 1996. Accordingly, cost of service expenses, cost of equipment sales, and depreciation and amortization expenses increased in 1997 over 1996. Similarly, general and administrative costs increased due to the costs associated with supporting the additional markets in which the Company has operations and sales and marketing costs increased as a result of the effort to increase net subscriber additions and promote the Company's PCS brand name. As the Company's PCS systems only commenced operations during 1996, the year over year trend is not necessarily representative of future trends.

Other Income (Expense); Extraordinary Loss; Net Operating Loss Carryforwards

Interest and financing expense, net of capitalized interest, increased in 1997 from 1996 and 1995 due to the increase in long-term debt. Long-term debt was incurred primarily to fund the Company's capital expenditures associated with the build-out of the Company's PCS systems. Interest expense will continue to increase in 1998 as a result of increased borrowings the Company has incurred, and will continue to incur, to fund this expansion. The weighted average interest rate, before the effect of capitalized interest, was 10.2%, 9.8% and 9.2% in 1997, 1996 and 1995, respectively.

Extraordinary loss on early extinguishment of debt of \$6.6 million in 1995 represents the charge for the unamortized portion of financing costs incurred in connection with the refinancing of the Company's then outstanding credit facility.

The Company had available at December 31, 1997, net operating loss carryforwards ("NOLs") of approximately \$640 million which will expire in the years 2002 through 2012. The Company may be limited in its ability to use these carryforwards in any one year due to ownership changes that preceded the business combination that formed the Company in July 1994. Approximately \$17 million of such NOLs are subject to such limitations. Any amount of NOLs subject to such limitation that the Company is not able to use in any one year may be used in subsequent years prior to the expiration thereof. There is currently no limitation on the remaining NOLs of \$623 million. Management believes that, based on a number of factors, there is sufficient uncertainty regarding the utilization of all of the Company's NOLs. See Note 9 of the Company's Notes to the consolidated financial statements.

EBITDA

Consolidated EBITDA declined to negative \$28.2 million in 1997 from negative \$7.1 million in 1996 and \$25.5 million in 1995 primarily due to the negative \$130.1 million and negative \$67.4 million EBITDA in 1997 and 1996, respectively, attributable to PCS operations offset by an increase in cellular EBITDA. Cellular EBITDA increased to \$103.9 million in 1997 from \$90.3 million in 1996 and \$28.8 million in 1995, primarily as a result of increased revenues due to the increased subscriber base and the related cost efficiencies gained. As a result, cellular operating margin (cellular EBITDA as a percentage of cellular service revenues) increased to 35.8% in 1997 from 28.3% in 1996 and 21.4% in 1995.

Liquidity and Capital Resources

The Company has a credit facility (the "Credit Facility") with a consortium of lenders providing for \$750 million of revolving credit and a \$200 million term loan. A subsidiary of the Company also has a credit facility (the "PCS Vendor Facility" and, together with the Credit Facility, the "Senior Secured Facilities") with a consortium of lenders providing for \$300 million of revolving credit. As of December 31, 1997, \$895 million and \$300 million were outstanding under the Credit Facility and the PCS Vendor Facility, respectively. Amounts available for borrowing under the Credit Facility, which is limited by certain financial covenants, was \$239 million. Indebtedness under the Credit Facility and the PCS Vendor Facility matures on March 31, 2006, and December 31, 2003, respectively, and bears interest at variable rates. Substantially all the assets of the Company are pledged as security for such indebtedness. The terms of the PCS Vendor Facility restrict, among other things, the sale of assets, distribution of dividends or other distributions and loans by the subsidiary of the Company.

In October 1997, the Company entered into an agreement with Hutchinson Telecommunications Limited ("HTL") and a subsidiary of HTL pursuant to which the HTL subsidiary agreed to purchase approximately 5% of the outstanding capital stock of the Company for a purchase price of \$74.3 million. This transaction closed in November 1997. The proceeds from the sale of the stock were used to reduce the revolving Credit Facility. The Company and its subsidiary, Western PCS Corporation ("Western PCS"), also entered into an agreement with HTL and another HTL subsidiary pursuant to which the HTL subsidiary agreed to purchase 19.9% of the outstanding capital stock of Western PCS for an aggregate purchase price of \$248.4 million. This transaction closed in February 1998. Approximately \$135 million of the proceeds will be used by Western PCS for the continued build-out of its PCS systems during 1998. The remainder of the proceeds was paid to the Company as a repayment of advances made to Western PCS and was used by the Company to reduce the revolving Credit Facility.

The Company currently anticipates that it will require approximately \$260 million for the continued build-out of its PCS systems during 1998. In addition, further funds will be required to finance the continued growth of its cellular and PCS operations (which may be significant), provide for working capital, and service debt. Part of the funds needed to finance the PCS build-out and operations will come from the investment by HTL. The Company will utilize cash on hand, including the proceeds of the HTL investments described above, and amounts available for borrowing under the Credit Facility for such purposes. The Company believes such sources will be sufficient for the operations of the business. The Company continues to consider and expects to pursue additional sources of funding to enable the further development of the PCS business. Such sources may include the issuance of additional indebtedness and/or the sale of additional equity at the parent or subsidiary level. There can be no assurance that such funds will be available to the Company on acceptable or favorable terms.

Net cash used in operating activities was \$114.5 million in 1997. Adjustments to the \$265.5 million net loss to reconcile to net cash used in operating activities primarily included \$133.5 million of depreciation and amortization. Other adjustments included changes in operating assets and liabilities, net of effects from consolidating acquired interests, consisting of an increase of \$54.9 million in accrued liabilities, primarily attributable to an increase in property taxes and

interest, an increase of \$23.9 million in accounts receivable, net, as a result of the increase in total revenues, and an increase of \$16.9 million in prepaid expenses and other current assets, primarily due to \$15 million in escrow for the final payment to Triad which was released in January 1998. Net cash used in operating activities was \$61.3 million and \$0.7 million in 1996 and 1995, respectively.

Net cash used in investing activities was \$652.3 million in 1997. Investing activities for such period consisted primarily of purchases of wireless licenses and other intangible assets of \$71.9 million of which \$71.6 was attributable to the purchase of the PCS licenses that the Company was the high bidder on in the FCC's D and E Block auctions, purchases of property and equipment of \$318.8 million of which \$294.4 was attributable to PCS capital expenditures incurred in relation to the build out and expansion of the PCS MTAs, and acquisitions of wireless properties, net of cash acquired, of \$165.8 million primarily attributable to the purchase of the Triad licenses and properties during the fourth quarter of 1997. Net cash used in investing activities was \$489.1 million and \$293.6 million in 1996 and 1995, respectively.

Net cash provided by financing activities was \$727.4 million in 1997. Financing activities for such period consisted of \$652 million of net additions to long-term debt and the issuance of 3,888,888 shares of Class A Common stock to Hutton in November in consideration for \$74.3 million. Net cash provided by financing activities was \$596.7 million and \$295.1 million in 1996 and 1995, respectively.

In the ordinary course of business, the Company continues to evaluate acquisition opportunities, joint ventures and other potential business transactions. Such acquisitions, joint ventures and business transactions may be material. Such transactions may also require the Company to seek additional sources of funding through the issuance of additional debt and/or additional equity at the parent or subsidiary level. There can be no assurance that such funds will be available to the Company on acceptable or favorable terms.

As previously mentioned, the Company holds a 49.5% interest in Cook Inlet PCS. Cook Inlet PCS is subject to the FCC's build-out requirements and will require significant additional amounts to complete the build-out of its PCS systems and to meet the government debt service requirements on the C and F Block license purchase prices. The potential sources of such additional funding include vendor loans, loans or capital contributions by the partners of Cook Inlet PCS or other third party financing. To date, the Company has funded the operations of Cook Inlet PCS through the issuance of promissory notes. At December 31, 1997, the Company had advanced funds totaling \$36.0 million to Cook Inlet PCS under such promissory notes.

Year 2000 Issues

The Company, like most owners of computer software, will be required to modify significant portions of its software so that it will function properly in the year 2000. Any of the Company's computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities. The Company is in the planning phase of its year 2000 compliance project and does not, as of yet, have a determinable estimate of the costs to be incurred. The Company expects to incur internal staff costs as well as consulting and other expenses related to infrastructure and facilities enhancements necessary to prepare the systems for the year 2000. The Company expects its year 2000 compliance project to be completed on a timely basis.

Seasonality

The Company, and the wireless communications industry in general, have historically experienced significant subscriber growth during the fourth calendar quarter. Accordingly, during such quarter the Company experiences greater losses on equipment sales and increases in sales and marketing expenses. The Company has historically experienced highest usage and revenue per subscriber during the summer months. The Company expects these trends to continue.

Exhibit 13.4 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Western Wireless Corporation Consolidated Financial Statements

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Western Wireless Corporation:

We have audited the accompanying consolidated balance sheets of Western Wireless Corporation and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1997. These financial statements and schedules referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Wireless Corporation and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the index of consolidated financial statements are presented for purposes of complying with the Securities and Exchange Commission rules and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Seattle, Washington
February 17, 1998

WESTERN WIRELESS CORPORATION
Consolidated Balance Sheets
(Dollars in thousands)

	As of December 31,	
	1997	1996
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 15,459	\$ 54,885
Accounts receivable, net of allowance for doubtful accounts of \$9,931 and \$4,266, respectively	55,652	28,958
Inventory	36,425	26,138
Prepaid expenses and other current assets	31,216	14,809
Deposit held by FCC.....	-	25,000
Total current assets	138,752	149,790
Property and equipment, net of accumulated depreciation of \$221,031 and \$107,685, respectively	699,129	533,617
Licensing costs and other intangible assets, net of accumulated amortization of \$73,049 and \$55,363, respectively	807,409	540,482
Investments in and advances to unconsolidated affiliates.....	64,156	12,655
Other assets.....	10,527	159
	<u>\$ 1,719,973</u>	<u>\$ 1,241,703</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 11,519	\$ 14,122
Accrued liabilities.....	104,595	40,749
Construction accounts payable.....	14,431	89,583
Total current liabilities	130,545	144,454
Long-term debt.....	1,395,000	743,000
Commitments (Note 8)		
Shareholders' equity:		
Preferred stock, no par value, 50,000,000 shares authorized; no shares issued and outstanding		
Common stock, no par value, 300,000,000 shares authorized; Class A, 22,201,336 and 14,540,691 shares issued and outstanding, respectively, and; Class B, 53,431,163 and 55,239,157 shares issued and outstanding, respectively.....	675,036	569,278
Deferred compensation	(845)	(800)
Deficit	(479,763)	(214,229)
Total shareholders' equity	194,428	354,249
	<u>\$ 1,719,973</u>	<u>\$ 1,241,703</u>

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Consolidated Statements of Operations
(Dollars in thousands, except per share data)

	For the year ended December 31,		
	1997	1996	1995
Revenues:			
Subscriber revenues	\$ 297,724	\$ 182,441	\$ 105,430
Roamer revenues	39,977	34,065	29,680
Equipment sales and other revenues	42,877	26,579	11,465
Total revenues	<u>380,578</u>	<u>243,065</u>	<u>146,565</u>
Operating expenses:			
Cost of service	90,184	53,600	27,886
Cost of equipment sales	83,167	48,305	20,705
General and administrative	112,543	66,573	31,253
Sales and marketing	120,875	83,652	41,390
Depreciation and amortization	133,470	79,741	49,456
	<u>540,239</u>	<u>329,971</u>	<u>170,490</u>
Operating loss	<u>(159,661)</u>	<u>(86,886)</u>	<u>(23,935)</u>
Other income (expense):			
Interest and financing expense, net	(98,984)	(44,690)	(25,428)
Equity in net loss of unconsolidated affiliates	(11,058)	(968)	(236)
Other, net	4,149	2,439	290
Total other income (expense)	<u>(105,873)</u>	<u>(43,219)</u>	<u>(25,374)</u>
Loss before extraordinary item	(265,534)	(130,105)	(49,309)
Extraordinary loss on early extinguishment of debt			(6,645)
Net loss	<u>(265,534)</u>	<u>(130,105)</u>	<u>(55,954)</u>
Basic loss per common share before extraordinary item	\$ (3.76)	\$ (2.00)	\$ (0.87)
Per common share effect of extraordinary item			(0.12)
Basic loss per common share	<u>\$ (3.76)</u>	<u>\$ (2.00)</u>	<u>\$ (0.99)</u>
Weighted average common shares used in computing basic loss per common share	<u>70,692,000</u>	<u>65,196,000</u>	<u>56,470,000</u>

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Consolidated Statements of Shareholders' Equity
(Dollars in thousands)

	Common Stock			Deferred compensation	Deficit	Total shareholders' equity
	Class A shares	Class B shares	Par value and paid-in capital			
Balance, January 1, 1995		42,983,360	\$ 155,187		\$ (28,170)	\$ 127,017
Shares issued:						
For cash, net of costs		12,695,905	143,002			143,002
In exchange for shareholder loans plus accrued interest		1,245,998	14,088			14,088
For minority interests in GCC, net		898,210	9,944			9,944
In exchange for wireless properties		217,000	2,450			2,450
Upon exercise of stock options		38,762	78			78
Net loss					(55,954)	(55,954)
Balance, December 31, 1995		58,047,235	324,729		(54,124)	240,605
Shares issued:						
For cash, net of costs	10,684,600	88,567	234,724			234,724
Upon exercise of stock options	383,937		879			879
In exchange for wireless properties		595,309	7,117			7,117
Class B shares exchanged for Class A shares	3,491,954	(3,491,954)				
Deferred compensation			1,829	\$ (800)		1,029
Net loss					(130,105)	(130,105)
Balance, December 31, 1996	14,540,691	55,239,157	589,278	(800)	(214,229)	354,249
Shares issued:						
Upon exercise of stock options	268,783		1,077			1,077
In exchange for wireless properties	1,600,000		28,600			28,600
Private placement	3,688,888		74,300			74,300
Class B shares exchanged for Class A shares	1,807,994	(1,807,994)				
Deferred compensation	95,000		1,781	(45)		1,736
Net loss					(265,534)	(265,534)
Balance, December 31, 1997	22,201,336	53,431,163	\$ 675,038	\$ (845)	\$ (479,763)	\$ 194,426

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Consolidated Statements of Cash Flows
(Dollars in thousands)

	For the year ended December 31,		
	1997	1996	1995
Operating Activities:			
Net loss:	\$ (265,534)	\$ (130,105)	\$ (55,954)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	133,470	79,741	49,456
Extraordinary loss on early extinguishment of debt			6,645
Employee equity compensation	1,335	1,029	
Equity in net loss of unconsolidated affiliates	11,058	968	236
Other, net	5,157	3,068	864
Changes in operating assets and liabilities, net of effects from consolidating acquired interests:			
Accounts receivable, net	(23,871)	(10,309)	(5,748)
Inventory	(9,481)	(20,493)	(239)
Prepaid expenses and other current assets	(16,913)	(10,979)	(1,284)
Accounts payable	(4,807)	5,771	(272)
Accrued liabilities	54,911	19,958	5,551
Other assets	(323)		
Net cash used in operating activities	(114,498)	(61,333)	(745)
Investing activities:			
Purchase of property and equipment	(318,750)	(333,315)	(79,464)
Additions to licensing costs and other intangible assets	(71,917)	(86,097)	(137,805)
Acquisition of wireless properties, net of cash acquired	(195,790)	(40,180)	(60,700)
Investments in and advances to unconsolidated affiliates	(63,402)	(5,994)	(8,288)
Purchase of subsidiary stock, including fees			(5,842)
Deposit held by FCC, net	7,749	(23,500)	(1,500)
Other assets	(10,194)		
Net cash used in investing activities	(652,304)	(489,086)	(293,579)
Financing activities:			
Proceeds from issuance of common stock, net	75,376	235,603	143,080
Additions to long term debt	722,000	893,000	438,000
Payment of debt	(70,000)	(512,722)	(277,015)
Deferred financing costs		(19,149)	(12,798)
Loans from shareholders			3,842
Net cash provided by financing activities	727,376	596,732	295,109
Change in cash and cash equivalents	(39,428)	46,313	785
Cash and cash equivalents, beginning of year	54,885	8,572	7,787
Cash and cash equivalents, end of year	15,459	54,885	8,572

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

1. Organization:

Western Wireless Corporation (the "Company") provides wireless communications services in the western United States principally through the ownership and operation of cellular and personal communications services ("PCS") systems. The cellular operations are primarily in rural areas and the PCS operations are primarily in urban areas due to the Company's belief that there are certain strategic advantages to operating each technology in these respective areas. As of December 31, 1997, the Company provides cellular services in 72 Rural Service Areas ("RSA") and 16 Metropolitan Statistical Areas ("MSA") and PCS services in nine metropolitan markets in seven Metropolitan Trading Areas ("MTA").

The Company expanded its cellular footprint in 1997 by acquiring 12 RSAs from Triad Corporation, Triad Cellular L.P. and certain of their affiliates (collectively "Triad") (see Note 12). Also during 1997 the Company acquired 100 additional PCS licenses in the Federal Communication Commission's ("FCC") D and E Block auctions and acquired eight more PCS licenses as part of its acquisition of Triad. Cook Inlet Western Wireless PV/SS PCS, LP ("Cook Inlet PCS"), a partnership in which the Company holds a 49.9% limited partnership interest, owns broadband PCS licenses in 21 Basic Trading Areas ("BTA") including seven that were acquired in the FCC F Block auction during the first quarter of 1997. The first of these BTAs commenced commercial operations in June 1997.

The Company expects to incur significant operating losses and to generate negative cash flows from operating activities during the next several years while it develops and constructs its PCS systems and builds a PCS customer base.

2. Summary of Significant Accounting Policies:

Principles of consolidation:

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries and its affiliate investments in which the Company has a greater than 50% interest that is not temporary. All affiliate investments in which the Company has between a 20% and 50% interest and those that are temporarily greater than 50% are accounted for using the equity method. All significant intercompany accounts and transactions have been eliminated.

Cash and cash equivalents:

Cash and cash equivalents generally consist of cash and marketable securities that have original maturity dates not exceeding three months. Such investments are stated at cost, which approximates fair value.

Revenue recognition:

Service revenues based on customer usage are recognized at the time the service is provided. Access and special feature service revenues are recognized when earned. Sales of equipment, primarily handsets, are recognized when the goods are delivered to the customer.

Inventory:

Inventory consists primarily of handsets and accessories. Inventory is stated at the lower of cost or market, determined on a first-in, first-out basis.

Property and equipment and depreciation:

Property and equipment are stated at cost. Depreciation commences once the assets have been placed in service and is computed using the straight-line method over the estimated useful lives of the assets which primarily range from three to ten years.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (continued):

Licensing costs and other intangible assets and amortization:

Licensing costs primarily represent costs incurred to acquire FCC wireless licenses, including cellular licenses obtained by the Company, principally through acquisitions, and PCS licenses which were primarily purchased from the FCC.

Amortization of cellular licenses is computed using the straight-line method. During 1996 the Company amortized its cellular licensing costs over 15 years. Effective January 1, 1997, the Company prospectively changed its amortization period for cellular licensing costs from 15 years to 40 years to conform more closely with industry practices. The effect of this change in 1997 was to decrease net loss by approximately \$15 million and decrease the loss per share by \$0.21. Amortization of PCS licenses begins with the commencement of service to customers and is computed using the straight-line method over 40 years.

Other intangible assets consist primarily of deferred financing costs. Deferred financing costs are amortized using the effective interest method over the terms of the respective loans which have terms ranging from 9 to 10 years.

Capitalized interest:

The Company's PCS licenses represent qualified assets pursuant to Statement of Financial Accounting Standards ("SFAS") No. 34, "Capitalization of Interest Cost." For the years ended December 31, 1997, 1996, and 1995, the Company had interest expense of \$99.0 million, \$44.7 million and \$25.4 million, respectively, net of capitalized interest in the amount of \$4.0 million, \$5.2 million and \$0.4 million, respectively, pertaining to the build out of its PCS markets.

Income taxes:

The Company accounts for deferred taxes using the asset and liability method.

Loss per common share:

Loss per common share is calculated using the weighted average number of shares of outstanding common stock during the period. The number of shares outstanding has been calculated based on the requirements of SFAS No. 128, "Earnings Per Share." Due to the net loss incurred during the periods presented, all options outstanding are anti-dilutive, thus basic and diluted loss per share are equal.

Stock-based compensation plans:

The Company accounts for its stock-based compensation plans under APB Opinion No. 25, "Accounting for Stock Issued to Employees." See Note 11 for discussion of the effect on net loss and other related disclosures had the Company accounted for these plans under SFAS No. 123, "Accounting for Stock-Based Compensation."

Financial instruments:

As required under the Credit Facility (as defined in Note 7), the Company enters into interest rate swap and cap agreements to manage interest rate exposure pertaining to long-term debt. The Company has only limited involvement with these financial instruments, and does not use them for trading purposes. In addition, the Company has historically held derivative financial instruments to maturity and has never recognized a gain or loss on disposal. It is the Company's intent to hold existing derivatives to maturity. Interest rate swaps are accounted for on an accrual basis, the income or expense of which is included in interest expense. Premiums paid to purchase interest rate cap agreements are classified as an asset and amortized to interest expense over the terms of the agreements. These transactions do not subject the Company to risk of loss because gains and losses on these contracts are offset against losses and gains on the underlying liabilities. No collateral is held in relation to the Company's financial instruments.

The carrying value of the Company's short-term financial instruments approximates fair value due to the short maturity of these instruments. The fair value of long-term debt is based on incremental borrowing rates currently available on loans with similar term and maturities. The Company does not hold or issue any financial instruments for trading purposes.

WIRELESS CORPORATION
Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (continued):

Supplemental cash flow disclosure:

Cash paid for interest (net of amounts capitalized) was \$87.4 million, \$36.2 million, and \$21.7 million for the years ended December 31, 1997, 1996 and 1995, respectively.

Non-cash investing and financing activities were as follows:

(Dollars in thousands)

	Year ended December, 31		
	1997	1996	1995
Conversion of FCC deposit to wireless license	\$ 17,251		\$ 10,000
Conversion of revolving debt to term debt	-	\$ 200,000	
Issuance of common stock in exchange for wireless assets...	\$ 28,600	\$ 7,117	\$ 2,450
Exchange of shareholder loans and accrued interest for common stock.....			\$ 14,068

Estimates used in preparation of financial statements:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Reclassifications:

Certain amounts in prior year's financial statements have been reclassified to conform to the 1997 presentation.

3. Property and Equipment:

(Dollars in thousands)

	December 31,	
	1997	1996
Land, buildings and improvements.....	\$ 20,406	\$ 8,433
Wireless communications systems	697,319	370,628
Furniture and equipment.....	74,768	49,351
	792,493	428,412
Less accumulated depreciation.....	(221,031)	(107,685)
	571,462	320,727
Construction in progress.....	127,667	217,890
	\$ 699,129	\$ 538,617

Depreciation expense was \$119.1 million, \$54.9 million and \$30.2 million for the years ended December 31, 1997, 1996 and 1995, respectively.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

4. Licensing Costs and Other Intangible Assets:

(Dollars in thousands)

	December 31,	
	1997	1996
License costs.....	\$ 846,466	\$ 560,232
Other intangible assets.....	33,992	35,613
	880,458	595,845
Accumulated amortization	(73,049)	(55,363)
	<u>\$ 807,409</u>	<u>\$ 540,482</u>

5. Investments in and Advances To Unconsolidated Affiliates:

(Dollars in thousands)

	December 31,	
	1997	1996
Cook Inlet PCS.....	\$ 36,055	\$ 8,142
Lalcom Wireless Telephone Co. ("Lalcom").....	11,791	4,663
ACG Tele systems Ghana, LLC ("Ghana").....	8,706	
Icosco, Ltd. ("Iceland")	4,002	
Telcell Wireless LLC ("Georgia")	3,251	
Other.....	341	(150)
	<u>\$ 64,156</u>	<u>\$ 12,655</u>

The Company's ownership interest in these unconsolidated affiliates range from 30% to 75%. Those ownership interests greater than 50% are temporary, therefore the entities are not consolidated. The assets, liabilities and results of operations of Cook Inlet PCS and other unconsolidated affiliates were not material to the Company during 1997 and 1996.

6. Accrued Liabilities:

(Dollars in thousands)

	December 31,	
	1997	1996
Accrued payroll and benefits	\$ 15,111	\$ 11,192
Accrued interest expense.....	17,831	10,265
Accrued taxes, other than income.....	19,398	5,096
Final payment for acquisition	15,000	
Accrued interconnect charges.....	8,149	5,261
Other.....	29,106	8,935
	<u>\$ 104,595</u>	<u>\$ 40,749</u>

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

7. Long-Term Debt:

(Dollars in thousands)

	December 31,	
	1997	1998
Credit Facility (a):		
Revolving.....	\$ 495,000	\$ 200,000
Term Loan.....	200,000	200,000
10-1/2% Senior Subordinated Notes Due 2006 (b).....	200,000	200,000
10-1/2% Senior Subordinated Notes Due 2007 (c).....	200,000	200,000
PCS Vendor Facility (d).....	300,000	143,000
	<u>\$ 1,395,000</u>	<u>\$ 743,000</u>

(a) Credit Facility

The Company has a credit facility with a group of banks (the "Credit Facility") pursuant to which the banks agreed to make loans to the Company, on a revolving-credit basis, in an aggregate principal amount not to exceed \$750 million (the "Revolving Loans") and a term loan (the "Term Loan") of \$200 million. The Revolving Loans are limited to the principal amount outstanding on December 31, 2000. The Company is required to make quarterly payments on the outstanding principal of the Revolving Loans and Term Loan beginning March 31, 2001, and June 30, 2001, respectively. These payments increase each year on the anniversary date of the initial payment, until paid in full on December 31, 2005, for the Revolving Loans and March 31, 2006, for the Term Loan. The Credit Facility also contains certain financial covenants, the most restrictive of which impose limitations on the incurrence of indebtedness.

Any loan shall, at the option of the Company, be made as a Base Rate Advance, Eurodollar Advance or CD Rate Advance. Under the Credit Facility, interest is payable at an applicable margin in excess of the prevailing base rate. The applicable margin on the Revolving Loans is determined quarterly based on the leverage ratio of the Company, excluding certain of its subsidiaries. The applicable margin on the Term Loan is 2.5%. During 1997 and 1998, all loans under the Credit Facility had been borrowed using the Eurodollar option. The weighted average interest rate, including the appropriate applicable margin, for the years ended December 31, 1997 and 1998, was 8.22% and 7.79%, respectively. The Credit Facility also provides for an annual fee ranging from 0.25% to 0.375% on the unused commitment, payable quarterly. As of December 31, 1997 and 1998, the unused portion of the commitment under the Credit Facility was \$239 million and \$750 million, respectively.

The Credit Facility requires the Company to enter into interest rate swap and cap agreements to manage the interest rate exposure pertaining to borrowings under the Credit Facility. At December 31, 1997 and 1998, the Company had entered into interest rate caps and swaps with a total notional amount of \$365 million and \$205 million, respectively. Generally these instruments have initial terms ranging from three to 3-1/2 years and effectively convert variable rate debt to fixed rate. The weighted average interest rate under these agreements was approximately 7.40% and 6.76% at December 31, 1997 and 1998, respectively. The amount of unrealized loss attributable to changing interest rates at December 31, 1997 and 1998, was immaterial.

The repayment of the Credit Facility is secured by, among other things, the grant of a security interest in substantially all of the assets of the Company, excluding, among other items, the capital stock and assets of the PCS subsidiaries.

Upon execution of the Credit Facility, the Company repaid all of its outstanding indebtedness under its then existing revolving-term loan agreement (the "Previous Agreement"). The Company incurred an extraordinary loss of approximately \$8.6 million in connection with the early repayment of the outstanding indebtedness under the Previous Agreement during 1995. This loss primarily consisted of the write-off of the related financing costs which had been deferred and only partially amortized.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

7. Long-Term Debt (continued):

(b) 10-1/2% Senior Subordinated Notes Due 2006

In May 1996, the Company issued \$200 million principal amount of 10-1/2% Senior Subordinated Notes Due 2006 (the "2006 Notes") at par. The 2006 Notes mature on June 1, 2006. Interest is payable semi-annually. The 2006 Notes may be redeemed at any time at the option of the Company, in whole or from time to time in part, at varying redemption prices. The Credit Facility prohibits the repayment of all or any portion of the principal amount of the 2006 Notes prior to the repayment of all indebtedness under the Credit Facility. The 2006 Notes contain certain restrictive covenants which impose limitations on the operations and activities of the Company and certain of its subsidiaries, including the incurrence of other indebtedness, the creation of liens, the sale of assets, issuance of preferred stock of subsidiaries, and certain investments and acquisitions. The 2006 Notes are subordinate in right of payment to the Credit Facility and the PCS Vendor Facility (see item (d) below).

(c) 10-1/2% Senior Subordinated Notes Due 2007

In October 1996, the Company issued \$200 million principal amount of 10-1/2% Senior Subordinated Notes, which will mature on February 1, 2007 (the "2007 Notes") at par. Interest is payable semi-annually commencing February 1, 1997. The 2007 Notes were issued *pari passu* to the 2006 Notes. As such, the 2007 Notes may be redeemed at any time at the option of the Company, in whole or from time to time in part, at varying redemption prices. The Credit Facility prohibits repayment of all or any portion of the principal amount of the 2007 Notes prior to the repayment of all indebtedness under the Credit Facility. The 2007 Notes contain certain restrictive covenants which are consistent with that of the 2006 Notes. The 2007 Notes are subordinate in right of payment to the Credit Facility and the PCS Vendor Facility.

(d) PCS Vendor Facility

A subsidiary of the Company has a credit facility (the "PCS Vendor Facility" formerly known as the "NORTEL Facility") with a consortium of lenders which expires on December 31, 2003. In the first quarter of 1997 this agreement was amended to increase the credit facility from \$200 million to \$300 million. The PCS Vendor Facility bears interest at a rate approximating the prime rate plus a margin of 1.5%, or the London Interbank Offered Rate ("LIBOR") plus a margin of 2.5%. As of December 31, 1997, all outstanding borrowings were drawn under the LIBOR rate option. The weighted average interest rate, including margin, for the years ended December 31, 1997 and 1996, was 8.20% and 8.06%, respectively. The PCS Vendor Facility contains certain financial covenants, the most restrictive of which impose a minimum cash coverage and is collateralized by substantially all of the subsidiary's assets and the stock of such subsidiary. The terms of this agreement restrict, among other things, the sale of assets, distribution of dividends or other distributions and loans by the subsidiary of the Company. Interest only payments are required through September 30, 2000. Commencing September 30, 2000, and at the end of each calendar quarter thereafter, the subsidiary is required to make payments on the principal amount outstanding under the PCS Vendor Facility in increasing quarterly installments.

The aggregate amounts of principal maturities as of December 31, 1997, of the Company's debt are as follows (dollars in thousands):

Year ending December 31,	
1998.....	\$ 0
1999.....	0
2000.....	30,000
2001.....	123,000
2002.....	170,270
Thereafter.....	<u>1,071,730</u>
	<u>\$ 1,395,000</u>

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

8. Commitments:

The Company leases various facilities, cell site locations, rights-of-way and equipment under operating lease agreements. The leases expire at various dates through the year 2027. Some leases have options to renew for additional periods up to 25 years. Certain leases require the Company to pay property taxes, insurance and normal maintenance costs. Substantially all of the Company's leases have fixed minimum lease payments.

Future minimum payments required under operating leases and agreements that have initial or remaining noncancelable terms in excess of one year as of December 31, 1997, are summarized below (dollars in thousands):

Year ending December 31,	
1998	\$ 23,768
1999	22,063
2000	20,206
2001	15,237
2002	7,590
Thereafter	26,179
	<u>\$ 115,023</u>

Aggregate rental expense for all operating leases was approximately \$28.0 million, \$14.2 million and \$4.8 million for the years ended December 31, 1997, 1996 and 1995, respectively.

In order to ensure adequate supply and availability of certain inventory requirements and service needs, the Company has committed to purchase from various suppliers wireless communications equipment, handsets, and services. These agreements expire at various dates through December 2005. The aggregate amount of these commitments total approximately \$401 million. At December 31, 1997, the Company has ordered approximately \$246 million under all of these agreements, of which approximately \$16 million is outstanding.

In March 1994, a subsidiary of the Company entered into an agreement with a vendor to purchase \$150 million of PCS equipment and services in relation to the buildout of its Seattle and Phoenix BTAs.

The Company has various other purchase commitments for materials, supplies and other items incident to the ordinary course of business which are neither significant individually nor in the aggregate. Such commitments are not at prices in excess of current market value.

9. Income Taxes:

Significant components of deferred income tax assets and liabilities are as follows:

(Dollars in thousands)

	December 31,	
	1997	1996
Deferred tax assets:		
Net operating loss carryforwards	\$ 228,800	\$ 100,000
Other temporary differences	17,200	12,000
Total deferred tax assets	<u>246,000</u>	<u>112,000</u>
Valuation allowance	(195,600)	(80,000)
	<u>50,400</u>	<u>22,000</u>
Deferred tax liabilities:		
Property and wireless licenses basis differences	<u>(50,400)</u>	<u>(22,000)</u>
	<u>\$ 0</u>	<u>\$ 0</u>

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

9. Income Taxes (continued):

For tax purposes, the Company had available at December 31, 1997, net operating loss carryforwards for regular tax purposes of approximately \$640 million which will expire in 2002 through 2012. The Company may be limited in its ability to use these carryforwards in any one year due to ownership changes that preceded the business combination that formed the Company in July 1994. The change in the valuation allowance was an increase of approximately \$107 million, \$56 million and \$16 million in 1997, 1996 and 1995, respectively.

Management believes that, based on a number of factors, the available objective evidence creates sufficient uncertainty regarding the realization of the net deferred tax assets. Such factors include recurring operating losses resulting primarily from the development of the Company's PCS business and expected increased competition from new entrants into the Company's existing markets. Accordingly, a valuation allowance has been provided for the net deferred tax assets of the Company.

The difference between the statutory tax rate of approximately 40% (35% federal and 5% state, net of federal benefits) and the tax benefit of zero recorded by the Company is primarily due to the Company's full valuation allowance against its net deferred tax assets.

10. Shareholders' Equity:

(a) Business combinations

On October 31, 1997, the Company issued 1,600,000 shares of its Class A Common Stock as a portion of the consideration given to purchase the cellular business and assets of Triad (see Note 12).

On December 29, 1995, the shareholders of the Company, Palouse Paging Inc. ("Palouse"), and Sawtooth Paging Inc. ("Sawtooth") approved the merger of Palouse and Sawtooth into wholly owned subsidiaries of the Company. During 1995, certain officers, one of whom is a director, of the Company who are also shareholders of Palouse and Sawtooth provided Palouse and Sawtooth with short-term financing. During 1996, shareholders of Palouse and Sawtooth exchanged their shares for 515,581 and 79,748 shares of the Company's common stock, respectively. Certain shareholders of Palouse and Sawtooth were also officers and non-controlling shareholders of the Company. The Company accounted for the transaction as a stock purchase and paid approximately \$3.1 million and \$0.3 million of outstanding debt, including the debt to shareholders noted above, of Palouse and Sawtooth, respectively.

(b) General Cellular Corporation minority interest

During 1995 the Company completed a cash redemption of the remaining common stock shares (the "Redemption") of General Cellular Corporation's ("GCC"), the Company's predecessor company, common stock. As part of this Redemption, the Company issued 896,210 shares of the Company's common stock for GCC common stock in a one-for-one exchange. This redemption eliminated all minority interest positions in the equity of GCC. The cost in excess of the carrying amounts of the minority interests acquired increased licensing costs and other intangible assets by approximately \$11 million during 1995.

(c) Stock issuances

In January 1998, the Company issued 100,000 shares of its Class A Common Stock pursuant to an Executives Restricted Stock Plan to certain key executives. The vesting of these shares are subject to certain performance thresholds as determined by the Board of Directors.

In November 1997, the Company issued 3,888,888 shares of its Class A common stock (approximately 5% of the outstanding capital stock of the Company) to a subsidiary of Hutchison Telecommunications Limited ("HTL") for a purchase price of approximately \$74 million.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

10. Shareholders' Equity (continued):

In January 1997, the Company issued 95,000 shares of its Class A Common Stock to certain key executives pursuant to an Executives Restricted Stock Plan. The vesting of these shares are subject to certain performance thresholds as determined by the Board of Directors.

During 1996, 10,664,600 shares of common stock were issued and approximately \$233.9 million in net proceeds were received by the Company under a registration statement of the Company's Class A Common Stock filed with the SEC. Prior to this, the Company sold 88,567 shares of its common stock to an officer of the Company at \$11.29 per share for aggregate proceeds of approximately \$1.0 million.

In November 1995, the Board of Directors approved an increase in the number of authorized shares of the Company's common stock from 25 million to 300 million.

During 1995, a wholly owned subsidiary issued 4,300,001 shares of Series A Preferred Stock to certain existing shareholders of the Company at \$35.00 per share for aggregate proceeds of approximately \$150 million, which was comprised of approximately \$14 million of converted debt of shareholders and approximately \$136 million in cash. The preferred stock in the subsidiary was converted into common stock of the Company on a one for 3.1 basis. Additionally, the Company sold 591,901 shares of common stock at \$11.29 per share for cash during 1995 to existing shareholders.

11. Stock-Based Compensation Plans:

On September 20, 1994, the Board of Directors of the Company established the 1994 Management Incentive Stock Option Plan (the "MISOP") which was later amended and approved, as amended, by the shareholders of the Company on November 16, 1995. The MISOP provides for the issuance of up to 5,850,000 shares of common stock as either Nonstatutory Stock Options or as Incentive Stock Options, the terms and conditions of which are at the discretion of the Administrator of the MISOP.

During 1996, the Board of Directors of the Company approved the 1996 Employee Stock Purchase Plan (the "ESPP") which became effective January 1, 1997, which provides for the issuance of up to 1,000,000 shares of Class A Common Stock to eligible employees participating in the plan. The terms and conditions of eligibility under the ESPP require that an employee must have been employed by the Company or its subsidiaries for at least three months prior to participation. A participant may contribute up to 10% of their total annual compensation toward the ESPP, not to exceed the IRS contribution limit each calendar year. Shares will be offered under this ESPP at 85% of market value at each offer date. Participants are fully vested at all times.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

11. Stock-Based Compensation Plans (continued):

At December 31, 1997, 1996, and 1995 the Company has accounted for the above described MISOP and ESPP following the guidelines of APB Opinion No. 25 and related interpretations. Had compensation cost for the MISOP and the ESPP been determined based upon the fair value at the grant dates for awards under these plans consistent with the method defined in SFAS No. 123, the Company's net loss and basic loss per share would have increased to the pro forma amounts indicated below:

(Dollars in thousands, except per share data)

	Year ended December 31,		
	1997	1996	1995
Net loss:			
As reported.....	\$ (265,534)	\$ (130,105)	\$ (55,954)
Pro forma.....	\$ (271,745)	\$ (134,255)	\$ (57,388)
Basic and diluted loss per share:			
As reported.....	\$ (3.76)	\$ (2.00)	\$ (0.99)
Pro forma.....	\$ (3.84)	\$ (2.08)	\$ (1.02)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model using the following weighted-average assumptions:

	1997	1996	1995
Weighted average risk free interest rates	6.28%	6.33%	6.30%
Expected dividend yield	0%	0%	0%
Expected volatility	50%	50%	0%
Expected lives (in years)	7.5	7.5	7.5

The Black-Scholes option-pricing model requires the input of highly subjective assumptions and does not necessarily provide a reliable measure of fair value.

Options granted, exercised and canceled under the above MISOP are summarized as follows:

(In thousands, except pricing information)

	Year ended December 31,					
	1997		1996		1995	
	Shares	Weighted average price	Shares	Weighted average price	Shares	Weighted average price
Outstanding, beginning of period.....	4,185	\$ 9.85	3,538	\$ 8.82	2,182	\$ 5.15
Options granted.....	18	\$ 14.85	1,139	\$ 12.54	1,453	\$ 12.15
Options exercised.....	(388)	\$ 4.85	(384)	\$ 2.28	(38)	\$ 2.82
Options canceled.....	(283)	\$ 13.12	(128)	\$ 12.68	(59)	\$ 7.73
Outstanding, end of the period.....	3,711	\$ 9.79	4,185	\$ 9.85	3,538	\$ 8.82
Exercisable, end of period.....	2,384	\$ 8.23	1,877	\$ 6.26	1,582	\$ 3.89

The weighted average fair value of stock options granted for the years ended 1997 and 1995 was \$8.34 and \$8.79, respectively.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

11. Stock-Based Compensation Plans (continued):

The following table summarizes information about fixed price stock options outstanding at December 31, 1997:

(in thousands, except pricing information)	Options outstanding				Options exercisable	
	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price		Number exercisable	Weighted average exercise price
Range of exercise prices						
\$ 1.10 - \$ 4.03	891	5 years	\$ 2.61		849	\$ 2.69
\$ 9.68 - \$ 9.68	660	7 years	\$ 9.68		660	\$ 9.68
\$ 11.29 - \$ 12.90	1,283	8 years	\$ 12.04		653	\$ 12.06
\$ 13.73 - \$ 18.13	897	9 years	\$ 13.84		222	\$ 13.83
\$ 1.10 - \$ 16.13	<u>3,711</u>	7 years	\$ 9.79		<u>2,384</u>	\$ 8.23

12. Acquisitions:

On October 31, 1997, the Company consummated the purchase of the cellular business and assets of Triad in the RSAs designated as Texas 1, 2, 4, and 5, Utah 3, 4 and 6, Oklahoma 7 and 8 and Minnesota 7, 8 and 9, for an aggregate purchase price of (i) approximately \$194.5 million, plus (ii) 1,600,000 shares of the Company's Class A Common Stock. The transaction was accounted for using the purchase method of accounting. In accordance with its agreement with Triad, the Company filed a shelf Registration Statement on Form S-3 covering future resales of such shares. The Company also acquired from Triad certain D and E Block PCS licenses for an aggregate purchase price of approximately \$4.6 million, such amount being the aggregate amount Triad paid the FCC in its successful bids for such licenses in the FCC's auction of such licenses.

During 1996 and 1995 the Company acquired six cellular RSAs and one cellular MSA throughout the western United States. The aggregate cash paid for these transactions was \$35.6 million and \$38.6 million, in 1996 and 1995, respectively. All of these transactions were accounted for using the purchase method of accounting. Six of the transactions were asset purchases while one was a stock purchase in which the Company issued 217,000 shares of common stock at \$11.29 per share. Substantially all of the purchase price of each acquisition was allocated to licensing costs.

In June 1996, the Company purchased a Denver MTA PCS wireless license for \$66.1 million. This transaction was accounted for as an asset purchase.

Exchanges:

In July 1995, the Company exchanged its cellular assets in certain Minnesota markets, its ownership interests in three other markets and \$3.0 million in cash for the cellular assets and license of the Lubbock, TX MSA market. There was no gain or loss recognized on the transaction.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

13. Segment Information:

The company's operations are classified into two principal reportable segments: cellular and PCS. The Company provides cellular services in rural markets and provides PCS services in urban markets, both in the western United States. The type of service provided in each segment is similar, although PCS generally offers more features. Certain centralized costs and assets benefit all of the Company's operations. These items are allocated to the segments in a manner which reflects management's judgment as to the nature of the activity causing those items to be incurred.

(Dollars in thousands)

	Cellular Operations	PCS Operations	Other Operations	Consolidated
Year ended December 31, 1997				
Total revenues.....	\$ 302,848	\$ 77,730		\$ 380,578
Interest expense.....	\$ 41,408	\$ 57,558		\$ 98,966
Depreciation and amortization expense.....	\$ 66,595	\$ 66,875		\$ 133,470
Operating income (loss).....	\$ 37,280	\$ (198,941)		\$ (159,661)
Total capital expenditures.....	\$ 54,318	\$ 264,432		\$ 318,750
Total assets.....	\$ 866,805	\$ 822,291	\$ 30,877	\$ 1,719,973
Year ended December 31, 1996				
Total revenues.....	\$ 225,548	\$ 17,539		\$ 243,087
Interest expense.....	\$ 41,083	\$ 3,807		\$ 44,890
Depreciation and amortization expense.....	\$ 65,348	\$ 14,395		\$ 79,743
Operating income (loss).....	\$ (5,057)	\$ (81,829)		\$ (86,886)
Total capital expenditures.....	\$ 98,863	\$ 234,382		\$ 333,245
Total assets.....	\$ 822,197	\$ 814,127	\$ 5,379	\$ 1,641,703
Year ended December 31, 1995				
Total revenues.....	\$ 146,555			\$ 146,555
Interest expense.....	\$ 25,368	\$ 40		\$ 25,408
Depreciation and amortization expense.....	\$ 48,187	\$ 289		\$ 48,476
Operating income (loss).....	\$ (20,258)	\$ (3,677)		\$ (23,935)
Total capital expenditures.....	\$ 62,573	\$ 16,891		\$ 79,464
Total assets.....	\$ 485,193	\$ 193,810	\$ 25	\$ 679,028

14. Selected Quarterly Consolidated Financial Information (Unaudited):

Selected quarterly consolidated financial information for the years ended December 31, 1997 and 1996 is as follows:

(Dollars in thousands, except per share data)

Quarter ended	Total revenues	Operating loss	Net loss	Basic loss per common share
March 31, 1997	\$ 71,680	\$ (37,391)	\$ (55,173)	\$ (0.79)
June 30, 1997	\$ 90,842	\$ (45,269)	\$ (70,025)	\$ (1.00)
September 30, 1997	\$ 104,994	\$ (32,233)	\$ (68,043)	\$ (0.97)
December 31, 1997	\$ 113,382	\$ (38,766)	\$ (72,293)	\$ (0.99)
March 31, 1996	\$ 46,035	\$ (10,505)	\$ (18,574)	\$ (0.31)
June 30, 1996	\$ 58,589	\$ (13,158)	\$ (21,598)	\$ (0.35)
September 30, 1996	\$ 67,339	\$ (27,489)	\$ (38,605)	\$ (0.56)
December 31, 1996	\$ 71,142	\$ (35,734)	\$ (51,330)	\$ (0.74)

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

15. Related Party Transactions:

In connection with the 2006 Notes and equity offerings during the second quarter of 1996, the Company paid total underwriting fees of approximately \$23.3 million. In connection with the 2007 Notes during the third quarter of 1996, the Company paid total underwriting fees of approximately \$5.5 million. Goldman, Sachs & Co., an affiliate of a shareholder of the Company, was the lead underwriter on each offering.

16. Hutchison Transaction:

In addition to the shares issued by the Company to a subsidiary of HTL (as discussed in Note 10) during the fourth quarter of 1997, the Company and its subsidiary, Western PCS Corporation ("Western PCS"), entered into an agreement with HTL and another subsidiary of HTL (the "HTL Sub") pursuant to which the HTL Sub agreed to purchase 19.9% of Western PCS for an aggregate purchase price of \$248.4 million. In the first quarter of 1998, this purchase received a favorable declaratory ruling by the FCC granting a waiver from the indirect foreign ownership restrictions under the Communications Act of 1934, as amended; and the expiration or early termination of all applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended has passed. The Company and Western PCS have amended certain outstanding financing agreements to which they are subject, and unless otherwise agreed to by HTL Sub and the Company, neither the Company nor Western PCS shall have any liability regarding any indebtedness of the other. The HTL Sub has designated two directors to a ten person Board of Directors of Western PCS who have certain rights with respect to certain transactions and acts of Western PCS. Western PCS and the Company received \$248.4 million in February 1998 upon closing of this transaction.

WESTERN WIRELESS CORPORATION
Schedule I - Condensed Financial Information
(Parent Company Only)
Balance Sheets
(Dollars in thousands)

As of December 31,

1997 1996

ASSETS

Current assets:

Cash and cash equivalents.....	\$ 15,177	\$ 49,782
Accounts receivable, net of allowance for doubtful accounts of \$8,725 and \$3,580, respectively.....	47,082	24,356
Inventory.....	19,794	14,324
Prepaid expenses and other current assets.....	26,284	11,907
Deposit held by FCC.....		25,000
Total current assets.....	108,317	125,349

Property and equipment, net of accumulated depreciation

of \$175,763 and \$98,974, respectively.....	471,646	367,868
Licensing costs and other intangible assets, net of accumulated amortization of \$68,086 and \$53,951, respectively.....	651,538	386,163
Investments in and advances to affiliates.....	157,320	162,986
Other assets.....	10,527	159
	\$ 1,399,348	\$ 1,042,325

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable.....	\$ 9,973	\$ 4,238
Accrued liabilities.....	88,227	35,448
Construction accounts payable.....	11,720	48,390
Total current liabilities.....	109,920	88,076

Long-term debt.....	1,095,000	600,000
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Shareholders' equity:

Preferred stock, no par value, 50,000,000 shares authorized;
no shares issued and outstanding

Common stock, no par value, 300,000,000 shares authorized;
Class A, 22,201,336 and 14,540,691 shares issued and outstanding
and; Class B, 53,431,163 and 55,239,157 shares issued and
outstanding, respectively.....

	675,036	569,278
Deferred compensation.....	(845)	(800)
Deficit.....	(479,763)	(214,229)
Total shareholders' equity.....	194,428	354,249

\$ 1,399,348 \$ 1,042,325

See notes to condensed financial information

WESTERN WIRELESS CORPORATION
Schedule I - Condensed Financial Information
(Parent Company Only)
Statements of Operations
(Dollars in thousands, except per share data)

	For the year ended December 31,		
	1997	1996	1995
Revenues:			
Subscriber revenues.....	\$ 257,397	\$ 175,354	\$ 105,430
Roamer revenues.....	39,793	34,065	29,660
Equipment sales and other revenue.....	23,569	18,674	11,465
Total revenues.....	<u>320,759</u>	<u>228,093</u>	<u>146,555</u>
Operating expenses:			
Cost of service.....	62,384	43,914	27,686
Cost of equipment sales.....	42,596	29,414	20,705
General and administrative.....	79,893	53,355	29,057
Sales and marketing.....	80,267	60,394	41,053
Depreciation and amortization.....	93,207	69,869	49,311
Total operating expenses.....	<u>358,347</u>	<u>256,948</u>	<u>167,812</u>
Operating loss.....	<u>(37,588)</u>	<u>(28,853)</u>	<u>(21,257)</u>
Other income (expense):			
Interest and financing expense, net.....	(71,999)	(42,786)	(25,388)
Equity in net loss of affiliates.....	(160,092)	(60,841)	(2,954)
Other, net.....	4,145	2,375	290
Total other income (expense).....	<u>(227,946)</u>	<u>(101,252)</u>	<u>(28,052)</u>
Loss before extraordinary item.....	(265,534)	(130,105)	(49,309)
Extraordinary loss on early extinguishment of debt.....			(6,645)
Net loss.....	<u>\$ (265,534)</u>	<u>\$ (130,105)</u>	<u>\$ (55,954)</u>
Basic loss per common share before extraordinary item.....	\$ (3.76)	\$ (2.00)	\$ (0.87)
Per common share effect of extraordinary item.....			(0.12)
Basic loss per common share.....	<u>\$ (3.76)</u>	<u>\$ (2.00)</u>	<u>\$ (0.99)</u>
Weighted average common shares used in computing basic loss per share	<u>70,692,000</u>	<u>65,196,000</u>	<u>56,470,000</u>

See notes to condensed financial information

WESTERN WIRELESS CORPORATION
Schedule I - Condensed Financial Information
(Parent Company Only)
Statements of Cash Flows
(Dollars in thousands)

	For the year ended December 31,		
	1997	1996	1995
Operating activities:			
Net loss	\$ (265,534)	\$ (130,105)	\$ (55,954)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	93,207	69,869	49,311
Extraordinary loss on early extinguishment of debt	-	-	6,845
Employee equity compensation	1,835	1,029	-
Equity in net loss of unconsolidated affiliates	160,092	60,841	2,954
Other, net	4,476	3,049	364
Changes in operating assets and liabilities, net of effects from consolidating acquired interests:			
Accounts receivable, net	(19,903)	(5,707)	(5,748)
Inventory	(4,664)	(8,679)	(239)
Prepaid expenses and other current assets	(14,863)	(9,668)	307
Accounts payable	3,531	(3,448)	(937)
Accrued liabilities	43,844	14,655	5,551
Other assets	(323)	-	-
Net cash provided by (used in) operating activities	1,698	(8,164)	2,754
Investing activities:			
Purchase of property and equipment	(169,184)	(208,087)	(66,292)
Additions to licensing costs and other intangible assets	(86,771)	(8,210)	(60,304)
Acquisition of wireless properties, net of cash acquired	(195,790)	(40,180)	(60,700)
Investments in and advances to unconsolidated affiliates	(172,469)	(136,514)	(13,826)
Purchase of subsidiary stock, including fees	-	-	(5,842)
Deposit held by FCC	-	(23,500)	(1,500)
Refund of deposit held by FCC	7,749	-	-
Other assets	(10,194)	(880)	880
Net cash used in investing activities	(806,659)	(417,371)	(207,564)
Financing activities:			
Proceeds from issuance of common stock, net	75,376	235,603	66,236
Additions to long-term debt	565,000	763,000	425,000
Payment of debt	(70,000)	(512,722)	(277,015)
Deferred financing costs	-	(18,149)	(12,455)
Loans from shareholders	-	-	3,842
Net cash provided by financing activities	570,376	466,732	205,608
Change in cash and cash equivalents	(34,585)	41,197	778
Cash and cash equivalents, beginning of year	49,762	8,565	7,787
Cash and cash equivalents, end of year	\$ 15,177	\$ 49,762	\$ 8,565

See notes to condensed financial information

START

OF

RETAKE

WESTERN WIRELESS CORPORATION
Schedule I - Condensed Financial Information
(Parent Company Only)
Statements of Cash Flows
(Dollars in thousands)

	For the year ended December 31,		
	1997	1996	1995
Operating activities:			
Net loss	\$ (265,534)	\$ (130,105)	\$ (55,954)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	93,207	69,869	49,311
Extraordinary loss on early extinguishment of debt			6,845
Employee equity compensation	1,835	1,029	
Equity in net loss of unconsolidated affiliates	160,092	60,841	2,854
Other, net	4,476	3,049	864
Changes in operating assets and liabilities, net of effects from consolidating acquired interests:			
Accounts receivable, net	(19,903)	(5,707)	(5,740)
Inventory	(4,684)	(8,679)	(239)
Prepaid expenses and other current assets	(14,853)	(9,665)	307
Accounts payable	3,531	(3,448)	(937)
Accrued liabilities	43,844	14,655	5,551
Other assets	(323)		
Net cash provided by (used in) operating activities	1,698	(8,164)	2,754
Investing activities:			
Purchase of property and equipment	(169,184)	(208,087)	(66,292)
Additions to licensing costs and other intangible assets	(66,771)	(8,210)	(60,304)
Acquisition of wireless properties, net of cash acquired	(195,790)	(40,180)	(60,700)
Investments in and advances to unconsolidated affiliates	(172,469)	(136,514)	(13,826)
Purchase of subsidiary stock, including fees			(5,842)
Deposit held by FCC		(23,500)	(1,500)
Refund of deposit held by FCC	7,749		
Other assets	(10,194)	(680)	880
Net cash used in investing activities	(606,659)	(417,371)	(207,584)
Financing activities:			
Proceeds from issuance of common stock, net	75,376	235,603	68,236
Additions to long-term debt	565,000	763,000	425,000
Payment of debt	(70,000)	(512,722)	(277,015)
Deferred financing costs		(19,149)	(12,455)
Loans from shareholders			3,842
Net cash provided by financing activities	570,376	466,732	205,608
Change in cash and cash equivalents	(34,585)	41,197	778
Cash and cash equivalents, beginning of year	49,762	8,565	7,787
Cash and cash equivalents, end of year	\$ 15,177	\$ 49,762	\$ 8,565

See notes to condensed financial information

WESTERN WIRELESS CORPORATION
Schedule I - Condensed Financial Information
(Parent Company Only)
Notes to Condensed Financial Information

This Schedule I and the related notes should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

1. Basis of Presentation:

The condensed financial information presented in Schedule I represents the balance sheet, statements of operations and cash flows of the Company as if the subsidiary that is restricted under the PCS Vendor Facility was an unconsolidated entity. The Company less this subsidiary is referred to as "Parent Company Only" in Schedule I. The Company's ownership in such subsidiary has been reflected in this condensed financial information as if the investment was accounted for using the equity method.

2. Long term debt maturities:

The aggregate amounts of principal maturities as of December 31, 1997, of the Company's debt excluding the PCS Vendor Facility are as follows (dollars in thousands):

Year ending December 31,	
1998.....	\$ 0
1999.....	0
2000.....	0
2001.....	51,000
2002.....	76,250
Thereafter.....	<u>967,750</u>
	<u>\$ 1,095,000</u>

WESTERN WIRELESS CORPORATION
Schedule II Valuation and Qualifying Accounts
Accounts Receivable Allowance for Doubtful Accounts
(Colours in thousands)

Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts (1)	Deductions (2)	Balance at end of period
Year ended December 31, 1997	\$ 4,266	\$ 16,442	\$ 1,121	\$ (11,898)	\$ 9,931
Year ended December 31, 1996	\$ 2,800	\$ 9,091	\$ (624)	\$ (7,001)	\$ 4,266
Year ended December 31, 1995	\$ 1,772	\$ 4,558	\$ 892	\$ (4,422)	\$ 2,800

(1) Represents market acquisitions and dispositions, late fees and net fraud credits given to customers.
Write-offs, net of bad debt recovery.

END

OF

RETAKE

EXHIBIT F

GCC LICENSE CORPORATION

**3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006**

RESOLD INTEREXCHANGE SERVICES TARIFF

Rules and regulations applicable for furnishing of Resold Interexchange Services by GCC License Corporation between one or more points in the State of South Dakota as authorized by the Public Utilities Commission. This tariff is on file with the South Dakota Public Utilities Commission and may be inspected during regular business hours. Copies also may be inspected during regular business hours at the principal place of business of GCC License Corporation, 3650 131st Avenue, SE, Suite 400, Bellevue, Washington 98006.

Issued:

Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

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CHECK SHEET

Pages 1-28 inclusive of this tariff are effective as of the date shown. Original and revised pages, as named below, comprise all changes from the original tariff in effect on the date indicated.

<u>Page</u>	<u>Revision</u>
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original
17	Original
18	Original
19	Original
20	Original
21	Original
22	Original
23	Original
24	Original
25	Original
26	Original
27	Original
28	Original

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SYMBOLS

The following are the only symbols used for the purposes indicated below:

- (C) To signify changed regulation
- (D) To signify discontinued material
- (I) To signify rate or charge increase
- (M) To signify material relocated without change in text or rate
- (N) To signify new material
- (R) To signify reduction
- (S) To signify reissued material
- (T) To signify a change in text, but no change in rate or regulation
- (Z) To signify a correction

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TARIFF FORMAT

- A. Page Numbering - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages occasionally are added to the tariff. When a new page is added between pages already in effect, a decimal is added to the page number. For example, a new page added between pages 14 and 15 would be 14.1.
- B. Page Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th revised Page 14 cancels the 3rd revised Page 14. Because of various suspension periods, deferrals, etc. the Commission follows in its tariff approval process, the most current page number on file with the Commission is not always the tariff page in effect.
- C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:
- 2.
 - 2.1.
 - 2.1.1.
 - 2.1.1.A.
 - 2.1.1.A.1.
 - 2.1.1.A.1.(a).
 - 2.1.1.A.1.(a).1.
 - 2.1.1.A.1.(a).1.(i).
 - 2.1.1.A.1.(a).1.(i).1).
- D. Check Sheets - When a tariff filing is made with the Commission an updated check sheet accompanies the tariff filing. The check sheet lists the pages contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated on the check sheet by an asterisk(*). There will be no other symbols used on the check sheet if these are the only changes made to it. The tariff user should refer to the latest check sheet to find out if a particular page is the most current on file with the Commission.

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SECTION 1. DEFINITIONS

Authorized User - Any person, firm, corporation or other entity accessing or utilizing the services furnished by the Company to the Customer.

Billed Party - The person or entity responsible for payment of the Company's service. The Billed Party is the Customer associated with the Calling Station used to place the call, with the following exceptions:

- (a) in the case of a calling card or credit card call, the Billed Party is the holder of the calling card or credit card used by the User; and
- (b) in the case of a collect or third party call, the Billed Party is the person responsible for the local telephone service at the telephone number that agrees to accept charges for the Call.

Call - A completed connection between the Calling and Called station.

Calling Station - The telephone number from which a Call originates.

Called Station - The telephone number called.

Commission - South Dakota Public Utilities Commission.

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SECTION 1. DEFINITIONS (Cont'd)

Common Carrier - A company or entity providing telecommunications services to the public.

Company - GCC License Corporation

Customer - A person, firm, corporation, partnership or other entity, including affiliates or divisions of the Customer, in whose name the telephone number of the Calling Station is registered with the underlying local exchange company. The Customer is responsible for payment of charges to the Company and compliance with all terms and conditions of this tariff.

Day - The period of time from 8:00 a.m. to (but not including) 5:00 p.m., Monday through Friday, as measured by local time at the location from which the Call is originated.

Evening - The period of time from 5:00 p.m. to (but not including) 11:00 p.m., Sunday through Friday and any time during a Holiday, as measured by local time at the location from which the Call is originated.

Holiday - New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Incomplete - Any Call where voice transmission between the Calling and Called station is not established.

Night/Weekend ("N/Wkd") - The period of time from 11:00 p.m. to (but not including) 8:00 a.m., Monday through Friday, any time on Saturday and all day Sunday, except 5:00 p.m. to (but not including) 11:00 p.m., as measured by local time at the location from which the Call is originated.

Prepaid Calling Card - A calling card or other tangible item which (i) contains an Access Number or an access code, (ii) is supplied by the Company or its agent and (iii) permits a User to use the Company's services up to an amount prepaid to the Company. Calls charged to a Prepaid Calling Card will be debited against the amount the User has prepaid.

User - Customer or any Authorized User.

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SECTION 2. TERMS AND CONDITIONS

2.1 Application of Tariff

- 2.1.1 This tariff contains the regulations and rates applicable to intrastate interexchange services provided by the Company. The Company's services are furnished subject to the availability of facilities and the terms and conditions of this tariff.
- 2.1.2 The rates and regulations contained in this tariff apply only to the interexchange services furnished by the Company and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other Common Carrier for use in accessing the services of the Company.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.2 Use and Availability of Service

- 2.2.1 Service is furnished to the User for any lawful purpose. Service shall not be used for any unlawful purpose, nor used in such a manner as to interfere unreasonably with the use of service by any other Users.
- 2.2.2 The use of the Company's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, false or invalid numbers, or false calling or credit cards is prohibited.
- 2.2.3 The Company's services may be denied for nonpayment of charges or for other violations of the terms and conditions set forth in this tariff.
- 2.2.4 The use of the Company's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another is prohibited.
- 2.2.5 Service temporarily may be refused or limited because of system capacity limitations.
- 2.2.6 Service is subject to transmission limitations caused by natural (including atmospheric, geographic or topographic) or artificial conditions adversely affecting transmission.
- 2.2.7 Service to any or all Customers may be temporarily interrupted or curtailed due to equipment modifications, upgrades, relocations, repairs and similar activities necessary for proper or improved operations.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.3 Limitation of Liability

- 2.3.1 Because the Company has no control of communications content transmitted over its system, and because of the possibility of errors incident to the provision and use of its service, service furnished by the Company is subject to the terms, conditions and limitations herein specified.
- 2.3.2 The Company is not liable to Users for interruptions in service except as set forth in Section 2.5 of this tariff.
- 2.3.3 The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.
- 2.3.4 The Company shall not be liable for and the User shall indemnify and hold the Company harmless against any claims for loss or damages involving:
- 2.3.4.A Any act or omission of: (i) the User; or (ii) any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by the Company;
- 2.3.4.B Interruptions or delays in transmission, or errors or defects in transmission, or failure to transmit when caused by or as a result of acts of God, fire, war, riots, government authorities or causes beyond the Company's control;
- 2.3.4.C Any unlawful or unauthorized use of the Company's facilities and services;

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.3 Limitation of Liability (Cont'd)

- 2.3.4.D Libel, slander or infringement of copyright arising directly or indirectly from the material transmitted over facilities provided by the Company;
- 2.3.4.E Infringement of patents arising from combining apparatus and systems of the User with facilities provided by the Company;
- 2.3.4.F Claims arising out of any act or omission of the User in connection with service provided by the Company.
- 2.3.4.G Breach in the privacy or security of communications transmitted over the Company's facilities;
- 2.3.4.H Changes in any of the facilities, operations or procedures of the Company that: (1) render any equipment, facilities or services provided or utilized by the User obsolete; (2) require modification or alteration of such equipment, facilities or services; or (3) otherwise affect use or performance of such equipment, facilities or services except where reasonable notice is required by the Company and is not provided to the Customer.
- 2.3.4.I Defacement of or damage to the Customer's premises or personal property resulting from the furnishing of services or equipment on such premises or the installation or removal thereof.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.3 Limitation of Liability (Cont'd)

- 2.3.4.J Any wrongful act of a Company employee where such act is not authorized by the Company and is not within the scope of the employee's responsibilities for the Company;
- 2.3.4.K Any representations made by a Company employee that do not comport, or that are inconsistent, with the provisions of this tariff.
- 2.3.4.L Any noncompleted calls due to network busy conditions; and
- 2.3.4.M Any calls not actually attempted to be completed during any period that service is unavailable.
- 2.3.5 The User shall reimburse the Company for all costs, expenses and fees (including reasonable attorneys' fees and costs) incurred by the Company in its defense against claims set forth in Section 2.3.4.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.3 Limitation of Liability (Cont'd)

- 2.3.6 The Company assumes no responsibility for the availability or performance of any cable or satellite systems or related facilities under the control of other entities that are used to provide service to the User, even if the Company has acted as the User's agent in arranging for such facilities or services.
- 2.3.7 Any claim against the Company shall be deemed waived unless presented in writing to the Company within thirty (30) days after the date of the occurrence that gave rise to the claim.
- 2.3.8 The Company makes no express representations or warranties regarding the service and disclaims any implied warranties, including, but not limited to, warranties of title or implied warranties of merchantability or fitness for a particular purpose. The Company does not authorize anyone to make a warranty of any kind on its behalf and the User should not rely on any such statement.
- 2.3.9 Any liability of the Company for loss or damages arising out of mistakes, omissions, interruptions, delays, errors or defects in the service, the transmission of the service, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service shall in no event exceed an amount equivalent to the proportionate fixed monthly charge to the Customer for service, during the period of time in which such mistakes, omissions, interruptions, delays, errors or defects in the service, its transmission or failure or defect in facilities furnished by the Company occurred.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.4 Responsibilities of the Customer

- 2.4.1 The Customer is responsible for placing any necessary orders, complying with tariff regulations and assuring that Users comply with tariff regulations. The Customer shall ensure compliance with any applicable laws, regulations, orders or other requirements of any governmental entity relating to services provided to the Customer or made available by the Customer to another User. The Customer is also responsible for the payment of charges for all calls originated at the Customer's numbers which are not collect, third party, calling card, or credit card calls.
- 2.4.2 The Customer is responsible for charges incurred for special construction and/or special facilities which the Customer requests and which are ordered by the Company on the Customer's behalf.
- 2.4.3 If required for the provisioning of the Company's services, the Customer must provide any equipment space, supporting structure, conduit and electrical power without charge to the Company.
- 2.4.4 The Customer is responsible for arranging access to its premises at times mutually agreeable to the Company and the Customer when required for Company personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of the Company's services.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.4 Responsibilities of the Customer (Cont'd)

- 2.4.5 The Customer must pay the Company for replacement or repair of damage to the Company's equipment or facilities caused by negligent or improper use on the part of the Customer, Users, or others.
- 2.4.6 The Customer must indemnify the Company for the theft of any Company equipment or facilities installed at the Customer's premises.
- 2.4.7 The Customer agrees, except where the events, incidents or eventualities set forth in this sentence are the result of the Company's gross negligence or willful misconduct, to release, indemnify and hold harmless the Company against any and all loss, claims, demands, suits or other action or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or person, for any personal injury to or death of any person or persons, or for any loss of or damage to any property, whether owned by the Customer or others. The Customer shall reimburse the Company for all costs, expenses and fees (including reasonable attorneys' fees and costs) incurred by the Company in its defense against such actions.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.5 Allowances for Interruptions in Service

2.5.1 General

- 2.5.1.A A service is interrupted when it becomes unusable to the User, e.g., the User is unable to transmit or receive, because of a failure of a component furnished by the Company under this tariff.
- 2.5.1.B An interruption period begins when the User reports a service, facility or circuit to be inoperative and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.
- 2.5.1.C If the User reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, the service, facility or circuit is considered to be impaired but not interrupted. No credit allowances will be made for a service facility or circuit considered by the Company to be impaired.

2.5.2 Limitations on Allowances

- 2.5.2.A No credit allowance will be made for any interruption of service:
 - 2.5.2.A.1 due to the negligence of, or noncompliance with the provisions of this tariff by, any person or entity other than the Company, including but not limited to the Customer or other Common Carriers connected to the service of the Company;

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.5 Allowances for Interruptions in Service (Cont'd)

2.5.2 Limitations on Allowances (Cont'd)

- 2.5.2.A.2 due to the failure of power, equipment, systems or services not provided by the Company;
- 2.5.2.A.3 due to circumstances or causes beyond the control of the Company;
- 2.5.2.A.4 during any period in which the Company is not given full and free access to the Customer's or Company's facilities and equipment for the purpose of investigating and correcting the interruption;
- 2.5.2.A.5 during any period in which the User continues to use the service on an impaired basis;
- 2.5.2.A.6 during any period in which the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements;
- 2.5.2.A.7 that occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and
- 2.5.2.A.8 that was not reported to the Company within thirty (30) days of the date that service was affected.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.5 Allowances for Interruptions in Service (Cont'd)

2.5.3 Application of Credits for Interrupted Services

- 2.5.3.A At the Customer's request, a credit allowance for a continuous interruption of service for more than twenty-four (24) hours will be made in an amount determined by the Company on a case-by-case basis.
- 2.5.3.B Any such interruption will be measured from the time it is reported to or detected by the Company, whichever occurs first.
- 2.5.3.C In the event the User is affected by such interruption for a period of less than twenty-four (24) hours, no adjustment will be made. No adjustments will be earned by accumulating non-continuous periods of interruption.
- 2.5.3.D When an interruption exceeds twenty-four (24) hours, the length of the interruption will be measured in twenty-four (24) hour days. A fraction of a day consisting of less than twelve (12) hours will not be credited and a period of twelve (12) hours or more will be considered an additional day.
- 2.5.3.E A credit allowance will not be given for interruptions caused by the negligence or willful act of the User or interruptions caused by failure of equipment or service not provided by the Company.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.6 Payment of Charges

- 2.6.1 The Customer is responsible for payment of all charges for service furnished to the User.
- 2.6.2 The Company reserves the right to assess late payment charges for Customers whose account(s) carries principal owing from the prior billing period. Any charges not paid in full by the due date indicated on the billing statement may be subject to a late fee of 1.5% per month.
- 2.6.3 The Company reserves the right to assess a fee for any check or other negotiable instrument returned to the Company for any reason.
- 2.6.4 Recurring monthly charges may be invoiced one month in advance. Invoicing cycles are approximately 30 days in length.
- 2.6.5 Customers must notify the Company in writing of any disputed charges within fifteen (15) days of the billing date, otherwise all charges on the invoice will be deemed accepted. All charges remain due and payable at the due date, although a Customer does not have to pay disputed charges while the Company conducts its investigation into the matter.

Issued:

Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.8 Deposits

- 2.8.1 The Company will not require deposits from Customers.

2.9 Contested Charges

- 2.9.1 All bills are presumed accurate, and shall be binding on the Customer unless objection is received by the Company no more than fifteen (15) days after such bills are rendered. In the case of a billing dispute between the Customer and the Company for service furnished to the Customer, which cannot be settled with mutual satisfaction, the Customer may take the following course of action no more than fifteen (15) days after the billing date:

- 2.9.1.A First, the Customer may request, and the Company will provide, an in-depth review of the disputed amount. (The undisputed portion and subsequent bills must be paid on a timely basis or the service may be subject to disconnection.) The Company's South Dakota office address is:

GCC License Corporation
685 North LaCrosse Street
Rapid City, SD 57701

- 2.9.1.B Second, if there is still a disagreement about the disputed amount after investigation and review by the Company, the Customer may file an appropriate complaint with the South Dakota Public Utilities Commission. The address and 1-800 number of the Commission are:

State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070
1-800-877-1113

- 2.10.2 Billing inquiries may be directed to the Company at its toll free number: 1-800-635-0304.

Issued:

Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.10 Billing Entity Conditions

2.10.1 When billing functions on behalf of the Company are performed by the local exchange telephone company, or others, the payment conditions and regulations of such companies apply, including any applicable interest and/or late payment charge conditions.

2.11 Taxes

2.11.1 All federal excise taxes, and state and local sales, use and similar taxes are billed as separate items and are not included in the quoted rates.

2.12 Promotions

2.12.1 Upon thirty (30) days prior written notice to the Commission, the Company may from time to time offer services or waive or vary service rates for promotional, market research or other similar business purposes. The varying rates will not exceed those in this tariff for the same services.

2.13 Incomplete Calls/Wrong Number

2.13.1 The Company will not knowingly charge for Incomplete Calls or wrong numbers. Upon the Customer's request and proper verification, the Company shall promptly adjust or credit the Customer's account for charges or payments for any unanswered call inadvertently billed due to the unavailability of Feature Group D or due to another carrier's failure to provide answer supervision. Where answer supervision is not available, any Call for which the duration exceeds one (1) minute shall be presumed to have been answered.

2.14 Directory Assistance

2.14. The Company does not provide local directory assistance.

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Effective:

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GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.15 Operator Services

- 2.15.1 The Company does not provide operator services. All operator assisted calls, including collect calls, calling cards, credit card calls, person-to-person calls, third party calls, and other related operator services will be routed to the Company's underlying carrier.

2.16 Termination of Service

- 2.16.1 A Customer may terminate service, with or without cause, by giving the Company notice. The Company may terminate service with cause without giving the Customer notice.
- 2.16.2 The Customer is responsible for all charges incurred to the Access Number regardless of which party terminates the service. The Customer shall reimburse the Company for all costs, expenses and fees (including reasonable attorneys' fees and costs) incurred by the Company in collecting such charges.

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GCC License Corporation
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Bellevue, Washington 98006

DC01/SMETM/72362.1

SECTION 3. EXPLANATION OF RATES

The regulations set forth in this section explain how to apply the rate table associated with the various services offerings described in Section 4.

3.1 Timing of Calls

- 3.1.1 Billing for Calls placed over the Company's underlying carrier's network is based on the duration of the Call. Timing begins when the Called Station is answered, as determined by standard industry methods generally in use for ascertaining answers, including answer supervision hardware by which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. Timing ends when either party hangs up.

3.2 Computation of Charges

- 3.2.1 As set forth in Section 4, calls will be billed in increments of either: (i) an initial eighteen (18) second period and additional six (6) second periods; (ii) an initial thirty (30) second period and additional six (6) second periods; (iii) an initial sixty (60) second period and additional thirty (30) second periods; or (iv) an initial one (1) minute period and additional one (1) minute periods.

Issued:

Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

SECTION 4. RATE SCHEDULES4.1 1+ Long Distance4.1.1 Description of Service

1+ Long Distance Service is a dedicated or switched telecommunications service providing intrastate and interstate long distance service to residential and business customers who have designated their primary interexchange carriers.

4.1.2 Billing Increments

Dedicated 1+ Long Distance calls are billed in initial 18 second increments and additional increments of 6 seconds. Switched 1+ Long Distance calls are billed in initial 30 second increments and additional increments of 6 seconds.

4.1.3 Rates

A. Monthly Recurring Charge \$ 4.95

B. Dedicated 1+ Long Distance

Outbound Rates/per minute \$.20
Inbound Rates/per minute \$.20

C. Switched 1+ Long Distance

Outbound Rates/per minute \$.20
Inbound Rates/per minute \$.20

Issued:

Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

SECTION 4. RATES SCHEDULES (Cont'd)

4.2 Post-Paid Calling Card Service

4.2.1 Description of Service

Post-Paid Calling Card Service enables Customers to make long distance calls by accessing a long distance calling card platform. Charges incurred are billed to the Customer's account.

4.2.2 Billing Increments

Post-Paid Calling Card Service is billed in initial one minute increments and additional increments of one minute.

4.2.3 Rates

Per minute charge	\$.20
No per call surcharge	

Issued:

Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

DC01/SMITM/72362.1

SECTION 4. RATE SCHEDULES (Cont'd)

4.3 Prepaid Calling Card Service

4.3.1 Description of Service

Prepaid Calling Card Service enables Customers to make long distance calls by accessing a long distance pre-paid calling card platform. Charges are paid for by Customers in advance and their account decrements on a real-time basis.

4.3.2 Billing Increments

Prepaid Calling Card Service calls are billed in initial one minute increments and additional increments of one minute.

4.3.3 Rates

Per minute charge	\$.20
No per call surcharge	

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Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

DC01/SMITM/72362.1

SECTION 4. RATE SCHEDULES (Cont'd)

4.4 10-XXX Access

4.4.1 Description of Service

10-XXX Long Distance Service is a switched telecommunications service providing intrastate and interstate long distance service to customers who temporarily access a carrier by dialing the carrier's identification code immediately preceding the terminating long distance number.

4.4.2 Billing Increments

10-XXX Long Distance Service calls are billed in initial 30 second increments and additional increments of 6 seconds.

4.4.3 Rates

Rates/per minute	\$.20
------------------	--------

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Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

SECTION 4. RATE SCHEDULES (Cont'd)

4.5 Personalized 800 Service

4.5.1 Description of Service

Personalized 800 service assigns Customers an individual toll free 800/888 telephone number. Intrastate and interstate long distance calls to the Customer's assigned 800/888 number will be billed to the Customer and will be toll free to callers.

4.5.2 Billing Increments

Personalized 800 Service calls are billed in initial 30 second increments and additional increments of 6 seconds.

4.5.3 Rates

- | | | |
|----|--------------------------|----------|
| A. | Monthly Recurring Charge | \$ 10.00 |
| B. | Rates/per minute | \$.05 |

Issued:

Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

DC91/SMITM/72362.1

015461127

FIRST UNION NATIONAL BANK
WASHINGTON, DC

05281

15-122/548
30485

KELLEY DRYE & WARREN LLP
1200 18TH STREET, N.W.
WASHINGTON, DC 20036

Feb. 17, 1999

PAY TO THE ORDER OF South Dakota Public Utilities Commission

\$ 250.00

Two Hundred and Fifty

00/100

DOLLARS

Filing fee \$67141.001

Lawrence K. Lenhart

⑈005281⑈ ⑆054001220⑆ 2000034690853⑈

South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of February 18, 1999 through February 24, 1999

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing.
Phone: 605-773-3705. Fax: 605-773-3809.

ELECTRIC

- EL99-003** In the Matter of the Joint Request of Otter Tail Power Company and Sioux Valley Southwestern Electric Cooperative for the Transfer of Rights and Property Pursuant to SDCL 49-34A-55.

Sioux Valley - Southwestern Electric Cooperative (SVSW), Colman, South Dakota and Ottertail Power Company (OTP), Fergus Falls, Minnesota, filed for approval by the Commission a Joint Petition for the transfer of rights and properties from OTP to SVSW.

Staff Attorney: Karen Cremer
Staff Analyst: Martin Bettmann
Date Filed: 02/19/99
Intervention Deadline: N/A

TELECOMMUNICATIONS

- TC99-016** In the Matter of the Application of GCC License Corporation for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

GCC License Corporation filed a request for a Certificate of Authority to provide intrastate toll services on a resold basis throughout the state of South Dakota. Applicant seeks authority to provide a full range of interexchange services, including presubscribed long distance, calling card, prepaid calling card, 10XXX access and "personalized 800 service".

Staff Attorney: Camron Hoseck
Staff Analyst: Harlan Best
Date Filed: 02/19/99
Intervention Deadline: 03/12/99

- TC99-017** In the Matter of the Filing by U S WEST Communications, Inc. for Approval of an Interconnection Agreement between U S WEST Communications, Inc. and DIECA Communications, Inc. d/b/a Covad Communications Company.

Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than March 17, 1999.

Parties to the agreement may file written responses to the comments within twenty days of service of the comments.

Staff Attorney: Camron Hoseck

Staff Analyst: Harlan Best

Date Filed: 02/22/99

Comments Due: 03/17/99

TC99-018 In the Matter of the Filing by U S WEST Communications, Inc. for Approval of Negotiated/Arbitrated Terms of Agreement for Interconnection, Resale and Unbundled Elements between Northern Valley Communications and U S WEST Communications, Inc.

Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than March 17, 1999. Parties to the agreement may file written responses to the comments within twenty days of service of the comments.

Staff Attorney: Camron Hoseck

Staff Analyst: Harlan Best

Date Filed: 02/22/99

Comments Due: 03/17/99

You may receive this listing and other PUC publications via our website or via internet e-mail.
You may subscribe to the PUC mailing list at <http://www.state.sd.us/puc/>

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

1200 19TH STREET, N.W.

SUITE 500

WASHINGTON, D.C. 20036

(202) 955-9600

ORIGINAL

FACSIMILE

(202) 955-9792

WRITER'S DIRECT LINE
(202) 955-9867

WRITER'S E-MAIL
mknith@kellaydrye.com

NEW YORK, NY
LOS ANGELES, CA

MIAMI, FL

CHICAGO, IL

STAMFORD, CT

PARSIPPANY, NJ

BRUSSELS, BELGIUM

HONG KONG

AFFILIATE OFFICES

BANGKOK, THAILAND

JAKARTA, INDONESIA

MANILA, THE PHILIPPINES

MUMBAI, INDIA

TOKYO, JAPAN

March 18, 1999

RECEIVED

MAR 19 1999

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

VIA FEDERAL EXPRESS

Mr. William Bullard, Jr.
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Re: Application of GCC License Corporation for a Certificate of
Authority to provide intrastate toll telecommunications services - PUC
Docket TC99-016

Dear Mr. Bullard:

The South Dakota Public Utilities Commission ("Commission") received the above-referenced application on February 19, 1999. By letter dated February 24, 1999, Staff Attorney Camron Hoseck requested that GCC License Corporation ("GCC") file an amended application consistent with the new administrative rules that became effective December 28, 1998.

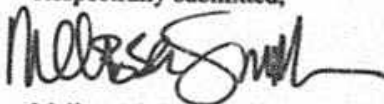
Enclosed for filing with the Commission please find an original and 10 copies of GCC's amended Application for a Certificate of Authority to provide intrastate toll telecommunications on a resold basis. A check in the amount of \$250.00 to cover the requisite filing fee was filed with the initial filing.

Enclosed please also find a duplicate copy of this filing and a self-addressed stamped envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided.

VIA FEDERAL EXPRESS
Mr. William Bullard, Jr.
South Dakota Public Utilities Commission
March 18, 1999
Page Two

Please do not hesitate to contact me if you have any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Melissa M. Smith", with a long horizontal flourish extending to the right.

Melissa M. Smith

Enclosures

cc: Camron Hoseck

KELLEY DRYE & WARREN LLP
1200 18TH STREET, N.W.
WASHINGTON, DC 20036

FIRST UNION NATIONAL BANK
WASHINGTON, DC

05281

15-117/040
60489
Feb. 17, 1999

PAY TO THE South Dakota Public Utilities Commission
ORDER OF

Two-Hundred and Fifty-----00/100-----\$ 250.00
DOLLARS

MEMO Palling fee 067141.001

#005281# #054001220# 2000034690853#

Spencer K. Dink

**Before the
STATE OF SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION**

Application of)
GCC LICENSE CORPORATION)
for a Certificate of Authority to provide)
Intrastate Toll Services)
Within the State of South Dakota)

Docket No. TC99-016

APPLICATION

GCC License Corporation ("GCC" or "Applicant"), by its attorneys and pursuant to SDCL 49-31-3 and ARSD § 20:10:24:02, respectfully request that the South Dakota Public Utilities Commission ("Commission") grant it a Certificate of Authority to provide intrastate toll services on a resold basis throughout the State of South Dakota. In addition, GCC respectfully requests that the Commission approve its initial proposed tariff effective as of the date of the order granting GCC a Certificate of Authority. In support of its application, Applicant provides the following information:

I. Identification of the Applicant

1. GCC is a Delaware corporation incorporated on October 25, 1994. Its federal tax identification number is 91-1658046. GCC maintains its principal office at 3650 131st Avenue SE, Suite 400, Bellevue, WA 98006, (452) 586-8056. A list of the names and addresses of the principal corporate officers is appended hereto as *Exhibit A*. A copy of GCC's Articles of Incorporation is appended hereto as *Exhibit B*.

2. GCC has authority to do business in South Dakota as a foreign corporation. A copy of GCC's certificate of authority to transact business in South Dakota as a foreign

corporation from the Secretary of State is appended hereto as *Exhibit C*. The registered agent for service of process in South Dakota is Corporation Service Company, 503 South Pierre Street, Pierre, SD 57501.

3. GCC is registered and in good standing to provide telecommunications services in Iowa. GCC has applications for long distance resale authority pending in several states, including California, Nebraska, Nevada and Oklahoma. GCC has not been denied registration or certification in any state. No complaints have been filed against Applicant with any state or regulatory commission regarding the unauthorized switching of customers' telecommunications providers and the act of charging customers for services that have not been ordered.

4. GCC is a wholly-owned subsidiary of General Cellular Corporation, which in turn is a wholly-owned subsidiary of Western Wireless Corporation ("WWC"), a Washington corporation headquartered at 3650 131st Avenue SE, Suite 400, Bellevue, WA 98006. WWC is a leading wireless communications company in the United States, providing cellular, personal communications services, specialized mobile radio, and paging services to consumers in more than 22 states. WWC is publicly owned and traded over the NASDAQ. No other person or entity holds any interest in GCC.

II. *Designated Contacts*

5. All correspondence, notices and inquiries regarding this Application should be addressed to:

Melissa M. Smith
KELLEY DRYE & WARREN LLP
1700 19th Street, Suite 500
Washington, D.C. 20036
phone: (202) 955-9600
fax: (202) 955-9792

6. Copies of all correspondence should also be sent to:

Christopher Johnson
Manager, Regulatory Affairs
GCC LICENSE CORPORATION
3650 131st Avenue SE, Suite 400
Bellevue, WA 98006
phone: (452) 586-8056
fax: (452) 586-8090

7. The name, address, telephone number, fax number, e-mail address and toll-free number for customer service complaints and regulatory matters are:

Christopher Johnson
3650 131st Avenue SE
Bellevue, WA 98006
Phone: (452) 586-8056
Fax: (452) 586-8090
e-mail: chris.r.johnson@wwireless.com
Toll-free number: 1-800-635-0304

In South Dakota, GCC's office is located at 685 North LaCrosse Street,
Rapid City, SD 57701.
Telephone: (605) 341-5811
Fax: (605) 341-5837

Customer service is available to answer questions relating to billings and other customer service matters 24 hours a day, 7 days a week by calling toll-free 1-800-635-0304.

III. Description of Authority Requested

8. By this Application, Applicant seeks authority to provide resold intrastate interexchange telecommunications services to the public on a statewide basis utilizing the underlying facilities of other certificated interexchange carriers ("IXCs"). Specifically, Applicant intends to offer a full range of interexchange services, including presubscription long distance, calling card, prepaid calling card, 10xxx access and "personalized 800 service."

IV. Description and Fitness of the Applicant

9. GCC is well-qualified, financially, technically and managerially, to provide the services for which authority is requested in this Application. GCC will draw heavily on the strength and resources of its parent company. WWC is a leading wireless communications company in the United States, providing cellular, personal communications service, specialized mobile radio, and paging services to consumers in more than 22 states. A Corporate Profile of WWC is appended hereto as *Exhibit D*.

10. The officers and directors of GCC and WWC have extensive experience in the telecommunications industry with companies such as McCaw Cellular Communications, General Cellular Corporation, subsidiaries of Pacific Telesis, Inc., Pacific Northwest Cellular, Inc., LIN Broadcasting, and MARKETS Cellular Limited Partnership. The names, titles and backgrounds of the officers and directors of GCC and WWC are listed in WWC's Corporate Profile appended as *Exhibit D*.

11. Moreover, the officers and directors of GCC and WWC have developed significant technical expertise as demonstrated by WWC's successful growth from 14,000 subscribers two years ago, to over 750,000 subscribers today. WWC has designed and constructed a state-of-the-art telecommunications system, which includes switches with advanced features including common channel signaling (i.e., SS7 or CCS) and database capabilities. WWC has redundant Network Operations Control Centers ("NOCC"s) that are staffed 24 hours per day. The NOCCs monitor the operations of the switches, transportation equipment and systems, all peripherals, and all network facilities on a continuous basis. The advanced technical abilities of WWC has contributed substantially to the company's successful growth and will be brought to bear upon the provision of service by GCC.

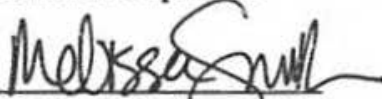
VII. Public Interest

16. A decision by the Commission to grant GCC authority to provide intrastate interexchange telecommunications services on a resold basis is in the public interest. GCC is well qualified to operate as an interexchange service provider in South Dakota. Moreover, GCC's participation in the market for telecommunications services in South Dakota will promote competition, which will lead to the development of new services and products over time.

WHEREFORE, GCC respectfully request that the Commission grant it a Certificate of Authority to provide resold intrastate toll services within the State of South Dakota. Further, GCC requests that the Commission approve its proposed tariff.

Respectfully submitted,

GCC License Corporation

By: 

Jonathan E. Canis
Melissa M. Smith
KELLEY DRYE & WARREN LLP
1200 19th Street, Suite 500
Washington, D.C. 20036

Their Attorneys

DATED: March 18, 1999

VERIFICATION

I am authorized to represent the Applicant in the foregoing application and to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

By:



Name:

Gene DeJordy

Title:

Executive Director

Date:

Feb. 17, 1999

Sworn and subscribed to
before me this 17th
day of February, 1999.


Notary Public

My Commission expires: 12/15/99

EXHIBIT A

Officers and Directors

John W. Stanton
Chief Executive Officer

3650 131st Avenue SE, Suite 400
Bellevue, Washington 98006

Robert Stapleton
President

3650 131st Avenue SE, Suite 400
Bellevue, Washington 98006

Mikal J. Thomsen
Chief Operating Officer

3650 131st Avenue SE, Suite 400
Bellevue, Washington 98006

Donald Guthrie
Vice President
Chief Financial Officer

3650 131st Avenue SE, Suite 400
Bellevue, Washington 98006

Alan R. Bender, Director
Senior Vice President
Corporate Secretary
General Counsel

3650 131st Avenue SE, Suite 400
Bellevue, Washington 98006

Cragg B. Baumbaugh, Director
Senior Vice President/Corp. Development

3650 131st Avenue SE, Suite 400
Bellevue, Washington 98006

Theresa E. Gillespie, Director
Senior Vice President

3650 131st Avenue SE, Suite 400
Bellevue, Washington 98006

Patricia L. Miller
Controller

3650 131st Avenue SE, Suite 400
Bellevue, Washington 98006

David A. Miller
Assistant Corporate Secretary
Vice President

3650 131st Avenue SE, Suite 400
Bellevue, Washington 98006

Angela Schwab
Assistant Corporate Secretary

3650 131st Avenue SE, Suite 400
Bellevue, Washington 98006

Lee A. Tostevin
Assistant Corporate Secretary

3650 131st Avenue SE, Suite 400
Bellevue, Washington 98006

EXHIBIT B

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "GCC LICENSE CORPORATION", FILED IN THIS OFFICE ON THE TWENTY-FIFTH DAY OF OCTOBER, A.D. 1994, AT 4:30 O'CLOCK P.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.




Edward J. Freel, Secretary of State

2446744 8100

944203986

AUTHENTICATION:

7282502

DATE:

10-26-94

**CERTIFICATE OF INCORPORATION
OF
GCC LICENSE CORPORATION**

Pursuant to the provisions of Section 102 of the General Corporation Law of the State of Delaware, the following Certificate of Incorporation is submitted for filing:

ARTICLE 1. NAME

The name of this corporation is GCC License Corporation.

ARTICLE 2. REGISTERED OFFICE AND AGENT

The respective names of the County and of the City within the County in which the registered office of the Corporation is to be located in the state of Delaware are the county of New Castle and the city of Wilmington. The street and number of said registered office and the address by street and number of said registered agent is The Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801. The name of the registered agent at such address is The Corporation Trust Company.

ARTICLE 3. PURPOSE

This corporation is organized for the purposes of transacting any and all lawful business for which a corporation may be incorporated under Section 102 of the General Corporation Law of the State of Delaware, as amended.

ARTICLE 4. CAPITAL STOCK

The authorized capital stock of this corporation shall consist of 1,000 shares of Common Stock with \$.01 par value.

ARTICLE 5. DURATION

This corporation has a perpetual existence.

ARTICLE 6. PREEMPTIVE RIGHTS

Shareholders of this corporation have no preemptive rights to acquire additional shares of stock or securities convertible into shares of stock issued by the corporation.

ARTICLE 7. CUMULATIVE VOTING

Shareholders of this corporation shall not have the right to cumulate votes in the election of directors.

ARTICLE 8. DIRECTORS

The number of directors of this corporation shall be fixed in the manner specified by the bylaws of this corporation.

ARTICLE 9. LIMITATION OF DIRECTOR LIABILITY

A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for conduct as a director, except for:

- a. Any breach of the director's duty of loyalty to the corporation or its stockholders;
- b. for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- c. under section 174 of the Delaware General Corporation Law, as amended; or
- d. for any transaction from which the director derived an improper personal benefit.

If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Any repeal or modification of the foregoing paragraph by the shareholders of the corporation shall not adversely affect any right or protection of a director of the corporation with respect to any acts or omissions of such director occurring prior to such repeal or modification.

ARTICLE 10. POWERS OF INCORPORATORS

The powers of the incorporator shall terminate upon the filing of the Certificate of Incorporation.

The names and mailing addresses of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and qualified are:

Alan R. Bender
330 120th Avenue NE
Bellevue, WA 98005

Cregg B. Baumbaugh
330 120th Avenue NE
Bellevue, WA 98005

Theresa E. Gillespie
330 120th Avenue NE
Bellevue, WA 98005

EXHIBIT C

State of South Dakota

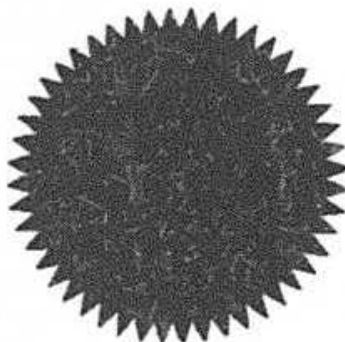


OFFICE OF THE SECRETARY OF STATE

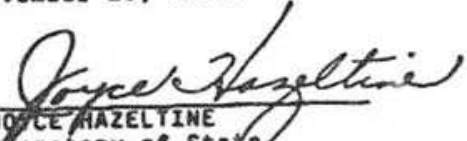
CERTIFICATE OF AUTHORITY

I, JOYCE HAZELTINE, Secretary of State of the State of South Dakota, hereby certify that the Application for a Certificate of Authority of GCC LICENSE CORPORATION (DE) to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I hereby issue this Certificate of Authority and attach hereto a duplicate of the application to transact business in this state under the name of GCC LICENSE CORPORATION.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this November 10, 1994.


JOYCE HAZELTINE
Secretary of State

D-111111

EXHIBIT D



Corporate Profile

Company Description: Western Wireless Corporation (NASDAQ: WWCA) is a leading provider of wireless communications services in the western United States. The company owns and operates wireless cellular phone systems marketed under the Cellular One® national brand name in 15 states west of the Mississippi River. Western Wireless also owns seven licenses auctioned by the Federal Communications Commission in 1995 to provide personal communications services (PCS). These licenses extend the company's geographic footprint to 22 states and enable Western Wireless to offer high-quality, digital, two-way wireless communications services under the VoiceStream™ Wireless brand name.

Headquarters: Issaquah, Washington

Executive Team: John Stanton, Chairman and Chief Executive Officer
Don Guthrie, Vice Chairman
Bob Stapleton, President
Mikal Thomsen, Chief Operating Officer
Theresa Gillespie, Chief Financial Officer
Cregg Baumbaugh, Senior Vice President, Corporate Development
Alan Bender, Senior Vice President and General Counsel

Markets: Western Wireless owns cellular and PCS licenses covering about 25 million people and 41 percent of the land in the continental United States. It owns and operates cellular systems in 57 Rural Service Areas (RSAs) and 16 Metropolitan Statistical Areas (MSAs) with a combined population of about 6 million. The company also owns licenses to provide PCS in seven Major Trading Areas (MTAs) – Albuquerque-El Paso, Denver, Des Moines-Quad Cities, Honolulu, Portland, Oklahoma City and Salt Lake City – with a population of about 19.5 million.

History: Western Wireless was formed in July 1994 through the combination of Pacific Northwest Cellular and General Cellular Corporation. In the last two years, the company has grown from about 320 employees and less than 14,000 subscribers to more than 2,000 employees and 270,000 subscribers. In May 1996, the company completed an initial public offering of 12.65 million shares of common stock and a public bond offering. The two offerings raised nearly \$430 million to continue the development of Western Wireless' cellular and PCS businesses.

Industry Statistics: The cellular industry is 12 years old. More than 40 million (one in eight) Americans own a cellular phone. The Personal Communications Industry Association predicts that new personal communications services will combine with existing wireless services such as cellular and paging to fundamentally change the way Americans communicate. Industry analysts forecast wireless communications services subscriptions totaling 197 million by 2005.



Western Wireless has been the first to offer PCS service in its markets – a strong competitive advantage.

Western Wireless: Redefining How People Communicate

In an increasingly mobile society, wireless communications has become one of the fastest growing segments of the communications industry. More than 40 million (one in eight) people currently enjoy the benefits of untethered communication that cellular service provides.

With the introduction of personal communications services (PCS), the rapid rate at which businesses and consumers are adopting wireless communications is expected to continue. This explosive growth can be attributed to the fundamental need that wireless communication addresses — people want to feel empowered over their communications and are looking for solutions that offer quality, value and reliability. In short, wireless communication is redefining how people communicate.

Western Wireless Corporation has emerged as one of the leading wireless communication service providers with its unique combination of cellular and PCS licenses and more than 270,000 subscribers throughout the western United States. The company's strategy is to offer the optimum technology for a particular geographic area — concentrating on rural and small metropolitan areas for its cellular service and more densely populated areas for its PCS service. The company owns cellular and PCS licenses covering about 25 million people and 41 percent of the continental United States.

The key to Western Wireless' success has been its focus on high-quality enhanced service offerings and an aggressive growth strategy. Western Wireless has been the first to offer PCS service in its markets — a move the company believes provides a strong competitive advantage. In February 1996, the company launched its PCS service under its proprietary VoiceStreamSM Wireless brand in Honolulu, followed by the summer 1996 launches of its PCS service in Salt Lake City, Albuquerque and Portland. The company is slated to roll out service in the Des Moines/Quad Cities and Oklahoma City markets by the end of 1996 and in Denver in early 1997.

The company's cellular service, marketed under the Cellular One® name in 15 western states, has grown from less than 14,000 subscribers and \$18.4 million in revenues in 1993 to more than 270,000 subscribers and \$135.1 million in revenues. By concentrating on rural and small metropolitan areas for its cellular service, Western Wireless can cover large geographic areas with relatively few cell sites, thus providing cost-efficient wireless service. In addition, because cellular operations in rural and small urban markets were licensed and developed later than major markets, cellular penetration is presently lower and subscriber growth rates are significantly higher than in the larger urban markets.



By taking advantage of the existing business infrastructure established for its cellular operations – including centralized management, marketing, billing and customer service functions – Western Wireless has been able to offer PCS services and features not currently provided by cellular operators.

Western Wireless is committed to becoming the premier wireless communication service provider with a focus on:

- Quality:* Providing high-quality technical, sales, administrative and service expertise.
- Growth:* Dedication to expanding the business through superior systems, aggressive selling, prudent acquisitions and excellent customer care.
- Profitability:* Commitment to delivering an outstanding return on investment to shareholders by providing superior products to its customers, earning customer loyalty and operating with an entrepreneurial spirit.

*Western Wireless
owns cellular systems
in 57 rural service
areas and
16 metropolitan
statistical areas,
and PCS systems in
7 major trading areas.*

Company History

Based in Issaquah, Wash., Western Wireless was formed in July 1994 through a combination of MARKETS Cellular Limited Partnership, which operated as Pacific Northwest Cellular, and General Cellular Corporation. Western Wireless owns and operates cellular communications systems in 57 rural service areas (RSAs) and 16 metropolitan statistical areas (MSAs) in 15 states — California, Colorado, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Texas and Wyoming — with an aggregate population of about 6 million. In 1995, through the Federal Communications Commission (FCC) auction of broadband PCS licenses, Western Wireless acquired licenses to provide PCS in six major trading areas (MTAs) — Albuquerque/El Paso, Des Moines/Quad Cities, Honolulu, Oklahoma City, Portland and Salt Lake City. Western Wireless purchased the Denver MTA in June 1996.

Western Wireless' management team comprises some of the early pioneers in the wireless industry, including John Stanton, chairman and CEO, who was a founder and COO of former industry giant McCaw Cellular. The other team members are Donald Guthrie, vice chairman; Robert Stapleton, president; Mikal Thomsen, COO; Theresa Gillespie, CFO; Cregg Baumbaugh, senior vice president; and Alan Bender, senior vice president and general counsel — share Stanton's entrepreneurial spirit and long, successful track record in building a thriving wireless communication business.



Since its founding, Western Wireless has grown to more than 2,000 employees throughout its headquarters and 70 local sales offices. The company raised nearly \$430 million through an initial public offering and a concurrent debt offering in May 1996, which was underwritten by Goldman, Sachs & Co.; Donaldson, Lufkin & Jenrette Securities Corp.; Merrill Lynch & Co. and Salomon Brothers Inc. The company is traded on NASDAQ under the symbol "WWCA."

The Wireless Communications Industry

Many industry experts predict that wireless communications will become the preferred method of voice communications.

Broadly defined, the wireless communications industry includes one-way radio applications, such as paging, and two-way radio applications, such as cellular telephone, PCS and enhanced specialized mobile radio (ESMR), which use a variety of radio frequencies to transmit voice and data. Since its introduction in 1983, cellular service has grown dramatically and now dominates the wireless communications market with more than 40 million subscribers.

It is estimated that about 2 percent of all phone calls are originated or terminated on a wireless phone. However, this percentage is expected to grow significantly, as carriers boost capacity and coverage and add enhanced services. Industry experts predict that PCS will play a critical role in the expansion of the wireless market into new demand segments. The additional spectrum, lower prices and increased pace of service-innovation generated by the addition of new PCS carriers are expected to contribute to rapid market development.

Because wireless devices are fundamentally a more efficient and effective way to communicate by offering consumers increased mobility, many industry experts predict that wireless communications will soon be the preferred method of voice communications. Consumers are demanding more control over their communication, and wireless service is a cost-effective means to meet that need.

Cellular and Personal Communications Services

The FCC licenses two principal services for transmitting voice and data signals—cellular and personal communications service. Cellular service provides high-quality, high-capacity service to and from mobile, portable and stationary telephones. Cellular handsets are affordable and easy-to-use, and offer important benefits to both business and residential consumers. Fully equipped, multi-cell cellular systems are capable of handling thousands of calls and can provide service to hundreds of thousands of subscribers in a given market.



Many cellular systems today are limited in their capacity due to their use of analog-based radio transmissions, although many carriers are currently in the process of upgrading to digital technology. Digital systems convert voice or data signals into a stream of digits that is compressed before transmission, enabling a single radio channel to carry multiple simultaneous signal transmissions. An all-digital system will provide customers with enhanced capacity, greater call quality and advanced data-communication features.

PCS is a term commonly used to describe a portion of radio spectrum (1850-1990 MHz) used to provide wireless communications services. PCS will initially compete directly with existing cellular telephone, paging and specialized mobile radio services, but will also include features that are not generally offered by cellular providers, such as data transmissions to and from portable computers, advanced two-way paging services and facsimile services. Western Wireless aims to be the first direct wireless competitor to cellular providers and the first to offer mass-market, all-digital mobile networks.

While PCS and cellular systems use similar technologies and hardware, each operates on different frequencies and may use different technical and network standards. The most common digital standards to be implemented by PCS carriers are GSM (Global System for Mobile Communications), CDMA (code division multiple access) and TDMA (time division multiple access). Western Wireless has adopted GSM technology – the only digital technology in widespread use around the world, serving 20 million customers in more than 98 countries. As a result, handsets and network equipment are far less expensive than for other digital standards, and are more reliable and more widely available.

Western Wireless Service Offerings

VoiceStreamSM Wireless Personal Communications Services. With VoiceStream Wireless, subscribers can stay "Ahead of the Current"™ with such enhanced features as answering service and two-way text and numeric messaging caller ID, call waiting and call hold, digital encryption to prevent fraud and eavesdropping, "smart card" technology, wireless data transmission and extended battery performance. VoiceStream service comes with a wireless digital phone equipped with a built-in answering machine and pager that can link subscribers to their computers to allow them to fax, read their e-mail and access the Internet. The phone, which is smaller and more feature-rich than most cellular handsets, also allows subscribers to read messages right off of the display – with increased clarity and privacy. Monthly service packages range from \$20 with 30 free minutes of airtime to \$210 with 1,000 free minutes of airtime. Optional features such as "weekends free," call forwarding and enhanced voice mail service, also are available.



Cellular One®. Western Wireless markets its cellular products and services under the name Cellular One, the first national brand name in the cellular industry that is currently used by a national coalition of 507 cellular licensees in all 50 states. Western Wireless offers its subscribers high-quality cellular communications, as well as several customer calling services, including call forwarding, call waiting, conference calling, voice message storage and retrieval, and no-answer transfer. In addition, subscribers can access local government emergency services from their cellular handsets - free of charge - by dialing 911. Monthly service plans range from \$29.99 with 80 minutes of free local airtime to \$229.99 with 1,000 minutes of free local airtime. Voice messaging service also is available.

Executive Team

John Stanton, Chairman, Director and Chief Executive Officer

Stanton has spent much of his career in the wireless industry. Prior to helping form Western Wireless in 1994, Stanton was CEO and chairman of the board of General Cellular Corporation. He also has served as chairman of the board and CEO of Pacific Northwest Cellular, Inc., and as director of McCaw Cellular Communications and LIN Broadcasting. From 1983 to 1991, Stanton served in various capacities with McCaw, serving as vice chairman of the board from 1988 to 1991 and as chief operating officer from 1985 to 1988. He also is a member of the board of directors of Interpoint, Inc. and SmarTone in Hong Kong. He is a trustee of Whitman College and a director of the Cellular Telecommunications Industry Association.

Donald Guthrie, Vice Chairman

Guthrie came to Western Wireless from McCaw Cellular, where he served as senior vice president and treasurer. Guthrie also served as senior vice president-finance for LIN Broadcasting.

Robert Stapleton, President

Stapleton served as president of General Cellular Corporation prior to Western Wireless' formation. From 1989 to 1992, he served in various positions with General Cellular, including chief operating officer and vice president of operations. Stapleton previously was employed by mobile communications subsidiaries of Pacific Telesis, Inc., which now are affiliated with AirTouch Communications.

Western Wireless' management team includes industry pioneers who share an entrepreneurial spirit and drive.



Mikal Thomsen, Chief Operating Officer

Thomsen was a director and chief operating officer of MARKETS Cellular Limited Partnership prior to joining Western Wireless. From 1983 to 1991, Thomsen held various positions at McCaw Cellular, serving as general manager of its international division from 1990 to 1991 and as general manager of its West Florida region from 1987 to 1990.

Theresa Gillespie, Chief Financial Officer

Gillespie was CFO of MARKETS Cellular Limited Partnership prior to the formation of Western Wireless and previously served as CFO of certain entities controlled by Stanton and Gillespie. She also served as senior vice president and controller of McCaw Cellular.

Cregg Baumbaugh, Senior Vice President - Corporate Development

Prior to the formation of Western Wireless, Baumbaugh served in various positions with General Cellular Corporation, including vice president of business development. He previously was employed by The First Boston Corporation.

Alan Bender, Senior Vice President and General Counsel

Bender joined General Cellular Corporation in April 1990 as senior counsel and was named secretary in June 1990, general counsel in August 1990 and vice president in March 1992. From 1988 to 1990, Bender was vice president and senior counsel of Equitec Financial Group, a subsidiary of PacificCorp, Inc.

EXHIBIT E

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-Q

(Mark One)

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 1998

Or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number 000-28160

WESTERN WIRELESS CORPORATION

(Exact name of registrant as specified in its charter)

Washington

(State or other jurisdiction of incorporation
or organization)

91-1638901

(IRS Employer Identification No.)

3850 131st Avenue S.E., #400,
Bellevue, Washington

(Address of principal executive offices)

98006

(Zip Code)

(425) 686-8700

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title

Shares Outstanding as of October 31, 1998

Class A Common Stock, no par value
Class B Common Stock, no par value

38,689,654
37,314,957

Western Wireless Corporation
Form 10-Q
For the Quarter Ended September 30, 1998

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WESTERN WIRELESS CORPORATION
Consolidated Balance Sheets
(Dollars in thousands)
(Unaudited)

	September 30, 1998	December 31, 1997
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 25,243	\$ 15,459
Accounts receivable, net of allowance for doubtful accounts of \$14,316 and \$9,931, respectively	58,359	55,652
Inventory	23,508	36,425
Prepaid expenses and other current assets	20,137	31,216
Total current assets	<u>127,247</u>	<u>138,752</u>
Property and equipment, net of accumulated depreciation of \$322,380 and \$221,031, respectively	796,640	699,129
Licensing costs and other intangible assets, net of accumulated amortization of \$89,251 and \$73,049, respectively	837,554	307,409
Investments in and advances to unconsolidated affiliates	75,534	64,166
Other assets	11,422	10,527
	<u>\$ 1,850,397</u>	<u>\$ 1,719,973</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 20,740	\$ 11,519
Accrued liabilities	108,480	104,595
Construction accounts payable	61,954	14,431
Total current liabilities	<u>191,174</u>	<u>130,545</u>
Long-term debt	<u>1,415,000</u>	<u>1,395,000</u>
Commitments (Note 5)		
Minority interest in consolidated subsidiary	<u>91,210</u>	
Shareholders' equity:		
Preferred stock, no par value, 50,000,000 shares authorized; no shares issued or outstanding		
Common stock, no par value, 300,000,000 shares authorized; Class A, 37,464,111 and 22,201,336 shares issued and outstanding, respectively, and; Class B, 38,431,526 and 53,431,163 shares issued and outstanding, respectively	800,949	675,036
Deferred compensation	(1,310)	(845)
Deficit	(648,826)	(479,763)
Total shareholders' equity	<u>153,013</u>	<u>194,428</u>
	<u>\$ 1,850,397</u>	<u>\$ 1,719,973</u>

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Consolidated Statements of Operations
(Dollars in thousands, except per share data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	1998	1997	1998	1997
Revenues:				
Subscriber revenues	\$ 118,233	\$ 81,829	\$ 324,076	\$ 209,517
Roaming revenues	22,062	12,243	47,115	27,810
Equipment sales and other revenues	17,235	10,922	41,784	29,869
Total revenues	157,550	104,994	412,975	267,196
Operating expenses:				
Cost of service	26,705	24,040	75,026	66,563
Cost of equipment sales	30,597	21,989	77,107	57,496
General and administrative	40,238	28,660	120,546	78,849
Sales and marketing	44,347	31,233	113,843	88,254
Depreciation and amortization	40,282	37,305	115,483	96,927
Total operating expenses	182,169	143,227	501,805	388,089
Operating loss	(24,618)	(38,233)	(88,830)	(120,893)
Other income (expense):				
Interest and financing expense, net	(31,699)	(27,289)	(93,498)	(67,797)
Equity in net loss of unconsolidated affiliates	(7,647)	(3,799)	(21,712)	(7,107)
Other, net	2,061	1,278	7,892	2,556
Total other income (expense)	(37,285)	(29,810)	(107,318)	(72,348)
Minority interest in net loss of consolidated subsidiary	12,231		29,285	
Net loss	\$ (49,673)	\$ (68,043)	\$ (166,863)	\$ (193,241)
Basic loss per common share	\$ (0.65)	\$ (0.97)	\$ (2.20)	\$ (2.76)
Weighted average common shares used in computing basic loss per common share	75,877,000	70,058,000	75,828,000	70,004,000

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Nine months ended September 30,	
	1998	1997
Operating activities:		
Net loss	\$ (166,863)	\$ (193,241)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	115,483	96,927
Employee equity compensation	1,530	1,492
Equity in net loss of unconsolidated affiliates	21,712	7,107
Minority interest in net loss of consolidated subsidiary	(29,285)	
Other, net	3,119	2,963
Changes in operating assets and liabilities, net of effects from consolidating acquired interests:		
Accounts receivable, net	(2,387)	(14,555)
Inventory	12,964	(5,093)
Prepaid expenses and other current assets	(3,921)	(214)
Accounts payable	9,221	2,438
Accrued liabilities	18,131	19,506
Net cash used in operating activities	<u>(20,295)</u>	<u>(82,643)</u>
Investing activities:		
Purchase of property and equipment	(151,806)	(279,936)
Additions to licensing costs and other intangible assets	(20,025)	(54,820)
Acquisition of wireless properties, net of cash acquired	(35,346)	(849)
Investments in and advances to unconsolidated affiliates	(21,195)	(50,861)
Refund of deposit held by FCC		7,749
Other	(943)	
Net cash used in investing activities	<u>(229,375)</u>	<u>(378,517)</u>
Financing activities:		
Proceeds from issuance of common stock, net	805	795
Additions to long-term debt	430,000	427,000
Repayment of debt	(410,000)	
Deferred financing fees, net	(5,059)	
Proceeds from sale of minority interest in consolidated subsidiary, net	243,709	
Net cash provided by financing activities	<u>259,455</u>	<u>427,795</u>
Change in cash and cash equivalents	9,784	(33,355)
Cash and cash equivalents, beginning of period	15,459	54,895
Cash and cash equivalents, end of period	<u>\$ 25,243</u>	<u>\$ 21,520</u>

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements
(Unaudited)

1. Organization:

Western Wireless Corporation (the "Company") provides wireless communications services in the western United States principally through the ownership and operation of cellular and personal communications services ("PCS") systems. The cellular operations are primarily in rural areas and the PCS operations are primarily in urban areas due to the Company's belief that there are certain strategic advantages to operating each technology in these respective areas. As of September 30, 1998, the Company provides cellular services in 50 markets. Through its 50.1% ownership in VoiceStream Wireless Corporation ("VoiceStream"), formerly known as Western PCS Corporation, the Company owns and operates PCS systems in seven Major Trading Areas ("MTA"). VoiceStream owns an additional 104 PCS Basic Trading Areas ("BTA") licenses which are not operational. VoiceStream holds limited partnership interests in joint ventures which own PCS licenses in 22 BTAs, one of which is operational and managed by VoiceStream under its PCS brand name. In addition, VoiceStream manages another BTA under its PCS brand name.

The Company also holds interests in entities which own and operate wireless licenses in certain foreign countries, including Georgia, Ghana, Iceland, and Latvia. In addition, the Company has interests in entities which have been awarded wireless licenses in Ireland, Croatia and Haiti.

The Company is considering alternatives to its current capital structure as further discussed in footnote 11.

The Company expects to incur significant operating losses and to generate negative cash flows from its PCS operating activities while it develops and constructs its PCS systems and builds a PCS customer base.

The accompanying interim consolidated financial statements and the financial information included herein are unaudited, but reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. All such adjustments are of a normal, recurring nature. Results of operations for interim periods presented herein are not necessarily indicative of results of operations for the entire year. For further information, refer to the Company's annual audited financial statements and footnotes thereto for the year ended December 31, 1997, contained in the Company's Form 10-K dated March 27, 1998.

2. Summary of Significant Accounting Policies:

Loss per common share:

Loss per common share is calculated using the weighted average number of shares of outstanding common stock during the period. The number of shares outstanding has been calculated based on the requirements of Statement of Financial Accounting Standards No. 128, "Earnings Per Share." Due to the net loss incurred during the periods presented, all options outstanding are anti-dilutive, thus basic and diluted loss per share are equal.

Supplemental cash flow disclosure:

Non-cash operating activities consisted of a \$15.0 million reduction in other current assets due to the release of restricted cash from escrow for the final payment on the acquisition of Triad Cellular L.P. and certain of its affiliates in the first quarter of 1998. Non-cash investing activities consisted of a \$12.3 million contribution of wireless licenses to a joint venture, which occurred in the first quarter of 1998.

Cash paid for interest (net of amounts capitalized) was \$93.1 million and \$59.7 million for the nine months ended September 30, 1998 and 1997, respectively. Interest capitalized was \$0.4 million and \$4.0 million for the nine months ended September 30, 1998 and 1997, respectively.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements
(Unaudited)

2. Summary of Significant Accounting Policies - (continued):

Reclassifications:

Certain amounts in prior year's financial statements have been reclassified to conform to the 1998 presentation.

Recently issued accounting standards:

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." It requires the recognition of all derivatives as either assets or liabilities and the measurement of those instruments at fair value. The required adoption period is effective for the issuance of the Company's March 31, 2000, quarterly financial statements. The implementation of SFAS No. 133 is not expected to have a material impact on the Company's financial position or results of operations.

The American Institute of Certified Public Accountants (AICPA) recently issued Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-Up Activities." This SOP provides guidance on the financial reporting of start-up costs and organizational activities. It requires costs of start-up activities and organizational costs to be expensed as incurred. SOP 98-5 is not expected to materially affect the financial position or results of operations of the Company.

3. Property and Equipment:

Property and equipment consists of:
(Dollars in thousands)

	September 30, 1998	December 31, 1997
Land, buildings, and improvements	\$ 21,841	\$ 20,406
Wireless communications systems	751,038	697,319
Furniture and equipment	88,698	74,768
	<u>861,576</u>	<u>792,493</u>
Less accumulated depreciation	(322,380)	(221,031)
	<u>539,195</u>	<u>571,462</u>
Construction in progress	259,445	127,667
	<u>\$ 798,640</u>	<u>\$ 699,129</u>

Depreciation expense was \$35.8 million and \$33.6 million for the three months ended September 30, 1998 and 1997, respectively, and \$101.8 million and \$86.6 million for the nine months ended September 30, 1998 and 1997, respectively.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements
(Unaudited)

4. Long-Term Debt:

	September 30, 1998	December 31, 1997
<i>(Dollars in thousands)</i>		
Cellular Credit Facility:		
Revolver	\$ 445,000	\$ 495,000
Term Loan	200,000	200,000
PCS Credit Facility:		
Revolver	120,000	
Term loan	250,000	200,000
10-11/2% Senior Subordinated Notes Due 2006	200,000	200,000
10-11/2% Senior Subordinated Notes Due 2007	200,000	200,000
PCS Vendor Facility		300,000
	<u>\$ 1,415,000</u>	<u>\$ 1,395,000</u>

The Company has a \$950 million credit facility with a consortium of lenders (the "Cellular Credit Facility"), in the form of a \$750 million revolving credit loan (the "Cellular Revolver") and a \$200 million term loan (the "Cellular Term Loan").

In June 1998, a wholly owned subsidiary of VoiceStream (the "PCS Borrower") entered into a \$1 billion credit facility with a consortium of lenders (the "PCS Credit Facility"). The PCS Credit Facility consists of \$500 million in revolving credit and \$250 million in a delayed draw term loan (collectively the "PCS Revolver"), and a term loan (the "PCS Term Loan") for \$250 million. The PCS Borrower must borrow the remaining \$130 million delayed draw portion of the PCS Revolver by December 31, 1998, or lose access to such. In addition, the PCS Borrower must raise an additional \$200 million in debt or equity before gaining access to the remaining \$500 million of the PCS Revolver. Beginning September 2001, the amount available to borrow under the PCS Revolver and the principal balance of the PCS Term Loan are to be reduced by various percentages each year. The PCS Revolver and the PCS Term Loan are due in their entirety on December 31, 2006 and September 30, 2007, respectively. The PCS Credit Facility also contains certain financial covenants, which, among other things, impose limitations on the amount of indebtedness, limit the amount of capital spending and impose limitations on acquisitions and investments. The repayment of the PCS Credit Facility is secured by, among other things, the grant of a security interest in substantially all of the assets of the PCS Borrower.

Any loan shall, at the option of the PCS Borrower, be made as a Base Rate Advance or Eurodollar Advance. Under the PCS Credit Facility, interest is payable at an applicable margin in excess of the prevailing rate. The applicable margin on the PCS Credit Facility is determined quarterly based on certain events and the leverage ratio of the PCS Borrower. As of September 30, 1998, all loans under the PCS Credit Facility had been borrowed using the Eurodollar option. The PCS Credit Facility also provides for an annual fee ranging from 0.375% to 0.5% on the unused commitment, payable quarterly.

Immediately following the acquisition of the PCS Credit Facility, a wholly owned subsidiary of VoiceStream paid off, in its entirety, the balance owed under the \$300 million PCS Vendor Facility.

The aggregate amounts of principal maturities of the Company's debt are as follows (dollars in thousands):

Three months ending December 31, 1998	\$ 0
Year ending December 31,	
1999	0
2000	0
2001	54,500
2002	63,250
Thereafter	1,277,250
	<u>\$ 1,415,000</u>

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements
(Unaudited)

6. Commitments:

Future minimum payments required under operating leases and agreements that have initial or remaining noncancellable terms in excess of one year as of September 30, 1998, are summarized below (dollars in thousands):

Three months ending December 31, 1998	\$ 8,125
Year ending December 31,	
1999.....	31,384
2000.....	29,129
2001.....	23,732
2002.....	15,297
Thereafter.....	40,031
	<u>\$ 147,698</u>

Aggregate rental expense for all operating leases was approximately \$8.6 million and \$7.0 million for the three months ended September 30, 1998 and 1997, respectively, and \$23.5 million and \$20.6 million for the nine months ended September 30, 1998 and 1997, respectively.

In order to ensure adequate supply and availability of certain wireless system equipment requirements and service needs, the Company has committed to purchase from various suppliers, wireless communications equipment and services. These agreements expire at various dates through the year 2003. The aggregate amount of these commitments total approximately \$550 million. At September 30, 1998, the Company has ordered approximately \$374 million under all of these agreements, of which approximately \$26 million is outstanding.

The Company has various other purchase commitments for materials, supplies and other items incidental to the ordinary course of business which are neither significant individually nor in the aggregate. Such commitments are not at prices in excess of current market value.

6. Minority Interest in Consolidated Subsidiary:

In February 1998, the Company and its subsidiary, VoiceStream, consummated an agreement with Hutchinson Telecommunications Limited ("HTL") and a subsidiary of HTL (the "HTL Sub") pursuant to which the HTL Sub purchased 19.9% of VoiceStream for an aggregate purchase price of \$248.4 million. The Company and VoiceStream have amended certain outstanding financing agreements to which they are subject, and unless otherwise agreed to by HTL Sub and the Company, neither the Company nor VoiceStream shall have any liability regarding any indebtedness of the other. The HTL Sub has the right to designate two directors to a ten person Board of Directors of VoiceStream, which directors have certain rights with respect to certain transactions and actions of VoiceStream.

7. Shareholders' Equity:

During the nine months ended September 30, 1998, the Company issued 163,138 shares of its Class A Common Stock as a result of employee stock options that were exercised.

In May 1998, the Company completed a secondary offering on form S-3 (the "Secondary Offering") of 13,915,000 Class A Common Stock shares (including an over-allotment exercised by the underwriters). The Company did not issue any new primary shares and received no proceeds from the Secondary Offering. The shares were offered by certain shareholders of the Company who elected to convert a portion of their Class B Common Stock into publicly traded Class A Common Stock for sale pursuant to a registration statement. No member of management of the Company sold any shares in the Secondary Offering.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements
(Unaudited)

7. Shareholders' Equity - (continued):

In February 1998, the Company received additional paid in capital of approximately \$123.2 million related to the sale of a 19.9% interest in VoiceStream. This represents the amount in excess of the book value of VoiceStream for the 19.9% interest purchased by the HTL Sub.

In January 1998, the Company issued 100,000 Class A Common Stock shares to certain key executives pursuant to an Executive Restricted Stock Plan.

8. Acquisitions:

The Company has signed an agreement to purchase the cellular license and operations of the Wyoming 4 and Oklahoma 1 Rural Service Areas ("RSA") for an aggregate amount of approximately \$19.0 million in cash. These purchases are pending approval from the Federal Communications Commission ("FCC"). The Company currently operates the Wyoming 4 RSA under an Interim Operating Authority ("IOA") from the FCC.

In the third quarter of 1998, the Company purchased the cellular license and operations of the Colorado 4 RSA for approximately \$18.5 million in cash. This transaction was accounted for using the purchase method. The results of operations of the property acquired are included in the Consolidated Statement of Operations from the date of acquisition.

In the second quarter of 1998, the Company purchased the cellular license and operations of the Nebraska 5 RSA for approximately \$15.5 million in cash. Prior to the purchase of the Nebraska 5 RSA, the Company operated this market under an IOA from the FCC. This transaction was accounted for using the purchase method.

9. Western Wireless International:

In June 1998, a wholly owned subsidiary of the Company, Western Wireless International ("WWI"), through a controlling interest in a partnership (the "Ireland Partnership"), was notified by the Office of the Director of Telecommunications Regulation that it was the preferred applicant for a DCS-1800/GSM 900 mobile communication license in Ireland. The amount bid by the Ireland Partnership on this license was \$18.2 million, including related fees. The license has not yet been granted.

In the third quarter of 1998, WWI, through two separate minority interests in partnerships, was granted licenses to provide wireless communication services in Haiti and Croatia.

10. Other Transactions:

In July 1998, VoiceStream entered into an agreement to form a joint venture with third parties that will operate certain PCS licenses in the south Texas region under the VoiceStream brand name. VoiceStream's ownership percentage will be less than 25% with an initial contribution to the venture of certain licenses that it purchased in the FCC's D and E Block auction with a cost of approximately \$2.5 million.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements
(Unaudited)

10. Other Transactions - (continued):

During the second quarter of 1998, Cook Inlet Western Wireless PV/SS PCS, LP ("Cook Inlet PCS"), a partnership in which a subsidiary of VoiceStream holds a 49.9% limited partnership interest, participated in the C Block restructuring options provided by the FCC. The FCC provided for various options, two of which were (1) the option to return to the FCC entire licenses purchased in the C Block auction and be relieved of 100% of the related debt ("Amnesty") or (2) to return 15 MHz, from a total of 30 MHz, of the licenses purchased in the auction and be relieved of one half of the related debt ("Dissagregation"). Of the licenses purchased in the C Block auction, Cook Inlet PCS chose Amnesty for the two BTAs in the Dallas MTA and Dissagregation for the remaining 11 BTA licenses. This resulted in a reduction of Cook Inlet PCS's debt of \$29.1 million and a gain of \$3.9 million, due to the retroactive adjustment of interest due on the related debt, the effect of which reduced the equity losses picked up by the Company for the second quarter operations.

In the first quarter of 1998, the Company was granted 52 Local Multipoint Distribution Service (LMDS) licenses that it was the high bidder on in an FCC auction. The Company paid approximately \$14.9 million for these licenses.

11. Ruling Request Filed with the Internal Revenue Service:

The Company is considering alternatives to its current capital structure, one of which is a potential spin-off of its 80.1 percent ownership interest in VoiceStream to its shareholders on a tax-free basis. In connection with such consideration, the Company has filed a request for ruling with the Internal Revenue Service ("IRS") as to the tax-free nature of such spin-off. Such a transaction would be subject to numerous conditions including, among others, the receipt of a favorable IRS ruling, final approval by the Board of Directors of the terms and conditions of any such transaction, certain government and third party approvals and review by the Securities and Exchange Commission ("SEC") of necessary SEC filings. There can be no assurance that such potential tax-free spin-off will be consummated.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary statement for purposes of the "Safe Harbor" provisions of the Private Litigation Reform Act of 1995.

Statements contained herein that are not based on historical fact, including without limitation statements containing the words "believes," "may," "will," "estimate," "continue," "anticipates," "intends," "expects" and words of similar import, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which Western Wireless Corporation (the "Company") operates; technology changes; competition; changes in business strategy or development plans; the high leverage of the Company; the ability to attract and retain qualified personnel; existing governmental regulations and changes in, or the failure to comply with, governmental regulations; liability and other claims asserted against the Company; the Company's and its third-party suppliers' ability to take corrective action in a timely manner with respect to the year 2000 issue; and other factors referenced in the Company's filings with the Securities and Exchange Commission. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

The following is a discussion and analysis of the consolidated financial condition and results of operations of the Company and should be read in conjunction with the Company's consolidated financial statements and notes thereto and other financial information included herein and in the Company's annual report on Form 10-K for the year ended December 31, 1997. As a result of acquisitions and due to the phase of the business cycle of the Company's personal communications services ("PCS") operations, the Company's operating results for prior periods may not be indicative of future performance.

Overview

The Company provides wireless communications services in the western United States through the ownership and operation of cellular and PCS systems. The Company owns and operates cellular communications systems in 90 markets. Through its 80.1% ownership of VoiceStream Wireless Corporation ("VoiceStream"), the Company owns and operates PCS systems in seven Major Trading Areas ("MTA"). VoiceStream owns an additional 104 PCS Basic Trading Areas ("BTA") licenses which are not operational. VoiceStream holds limited partnership interests in joint ventures which own PCS licenses in 22 BTAs, one of which is operational and managed by VoiceStream under its PCS brand name. In addition, VoiceStream manages another BTA under its PCS brand name. The results of operations of these joint ventures are not included in the following discussion of PCS operations.

In the comparisons that follow, the Company has separately set forth certain information relating to cellular operations (including paging and competitive local exchange carrier operations) and PCS operations. The Company believes that this is appropriate because its cellular systems have been operating for a number of years and operate in rural markets while its PCS systems did not commence operations until 1996 and operate in urban markets.

Results of Operations for the Three and Nine Months Ended September 30, 1998 and 1997

Cellular Operations

The Company had 620,300 cellular subscribers at September 30, 1998. This represents an increase of 37,000 or 6.3% from June 30, 1998, and 100,300 or 19.3% from December 31, 1997. These increases include subscribers added through acquisitions of 4,600 and 5,100, for the three and nine months ended September 30, 1998, respectively. The company had 426,300 cellular subscribers at September 30, 1997. The increase in subscribers for the three and nine months ended September 30, 1997, was 36,400 or 9.3% and 102,100 or 31.5%, respectively.

During the fourth quarter of 1997, the Company purchased from Triad Cellular L.P. and certain of its affiliates (collectively "Triad"), the cellular business and assets of 12 Rural Service Areas ("RSA") in Texas, Utah, Oklahoma and Minnesota. Therefore, the operating results of the Company's cellular business compared to the periods prior to this purchase may not be indicative of future performance.

The following table sets forth certain financial data as it relates to the Company's cellular operations:

(Dollars in thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	1998	1997	Change	1998	1997	Change
Cellular Revenues:						
Subscriber revenues	\$ 84,942	\$ 65,588	29.5%	\$ 241,802	\$ 173,460	39.4%
Roaming revenues	20,972	12,243	71.3%	44,699	27,810	60.6%
Equipment and other revenues	5,450	3,871	40.8%	13,927	12,462	11.8%
Total Revenues	\$ 111,364	\$ 81,702		\$ 300,398	\$ 213,732	
Cellular Operating Expenses:						
Cost of service	\$ 14,415	\$ 12,105	19.1%	\$ 40,013	\$ 34,577	15.7%
Cost of equipment sales	9,247	7,092	30.4%	24,224	20,044	20.9%
General and administrative	22,313	15,873	40.6%	64,361	42,449	51.6%
Sales and marketing	21,904	15,983	37.6%	58,899	43,360	35.6%
Depreciation and amortization	18,159	16,730	14.6%	54,241	49,325	10.0%
Total operating expenses	\$ 87,138	\$ 67,783		\$ 241,738	\$ 189,758	
EBITDA	\$ 43,425	\$ 30,889	41.6%	\$ 112,901	\$ 73,302	54.0%

Cellular Revenues

Both the three and nine month increase in subscriber revenues are primarily due to the 45.5% growth in the number of ending subscribers at September 30, 1998, compared to September 30, 1997, offset by a decrease in the average monthly subscriber revenue per average subscriber. Average monthly subscriber revenue per average subscriber was \$47.05 for the three months ended September 30, 1998, a 11.7% decline from \$53.26 for the three months ended September 30, 1997. The nine month average monthly subscriber revenue per average subscriber was down 8.6% to \$47.11 from \$51.63 in 1997. Over the past few years the cellular industry as a whole has also shown a decline in the average monthly cellular subscriber revenue per subscriber.

The increase in roaming revenues for the three months ended September 30, 1998, can be attributed to a seasonal increase in roaming traffic. In addition to the seasonal increase seen in the three months ended September 30, 1998, for both the three and nine month period, a significant portion of the increase in roaming traffic is a result of the acquisition of the Triad RSAs.

Equipment sales for both the three and nine months ended September 30, 1998, which consists primarily of handset sales, increased primarily due to the increase in the number of handsets sold due to the growth in subscribers.

Cellular Operating Expenses

The increase in cost of service is primarily attributable to the increased costs of maintaining the Company's expanding wireless network to support the larger subscriber base, offset by a slight reduction in the rates paid by the Company to access local exchange and long distance carrier facilities. While cost of service increased, it decreased as a percentage of service revenues to 13.4% for the three months ended and 13.6% for the nine months ended September 30, 1998. Whereas, the three and nine months ended September 30, 1997 were 15.3% and 16.6%, respectively. These decreases are due primarily to efficiencies gained from the growing subscriber base.

Cost of equipment sales increased primarily due to the increase in handsets sold, offset by a decrease in the average cost of handsets, for both the three and nine months ended September 30, 1998 compared to the same periods in 1997.

The Company's general and administrative costs are principally variable costs, that is costs that will vary with the level of subscribers. The increase in total dollars is primarily attributable to the increase in costs associated with supporting a larger subscriber base. However, the general and administrative cost per average subscriber decreased due to efficiencies gained from a larger subscriber base. The general and administrative monthly cost per average subscriber decreased to \$12.35 and \$12.54 for the three months and nine months ended September 30, 1998, compared to \$12.89 and \$12.63 for the three months and nine months ended September 30, 1997.

The increase in sales and marketing costs is primarily due to the increase in subscribers added during the three and nine months ended September 30, 1998, compared to the same periods in 1997. Sales and marketing cost per net subscriber added, including the loss on equipment sales, increased to \$841 for the three months ended September 30, 1998, from \$565 for the three months ended September 30, 1997. For the nine months ended September 30, 1998, sales and marketing cost per net subscriber, including loss on equipment sales, increased to \$767 from \$538 for the same period in 1997. This increase for both periods is largely due to a growth in disconnected subscribers causing the increase in costs to be spread over a similar amount of net subscriber additions as in the prior year. The growth in disconnected subscribers is a result of a slightly higher churn rate (representing customer attrition) applied to a larger subscriber base.

The increase in depreciation and amortization expenses is attributable to the continued expansion of the Company's cellular systems including the acquisition of the Triad properties.

PCS Operations

The Company commenced its PCS operations in its first MTA in February 1996. Since that time, the Company has commenced operations in its six remaining MTAs on various dates through May of 1997. Due to the various dates at which each of the MTAs became operational, the revenues and expenses incurred may not be representative of future operations. Additionally, during each period being discussed, a portion of the operating expenses incurred in the Company's PCS operations were related to start-up costs incurred prior to the commencement of operations in each of the systems. Exclusive of depreciation and amortization expense, which was not material, approximately \$1.8 million and \$3.4 million of start-up costs were incurred for the three months and nine months ended September 30, 1998, respectively, compared to \$1.2 million and \$5.1 million for the same respective periods in 1997. Start-up costs incurred in the third quarter of 1998, primarily relate to non-construction costs incurred in the effort to get the Seattle and Phoenix BTAs ready for operation.

The Company had 264,800 PCS subscribers at September 30, 1998. This represents an increase of 62,200 or 24.6% from June 30, 1998, and 136,200 or 105.9% from December 31, 1997. The company had 101,000 PCS subscribers at September 30, 1997. The increase in subscribers for the three and nine months ended September 30, 1997, was 28,600 or 35.8% and 65,500 or 184.5%, respectively.

The following table sets forth certain financial data as it relates to the Company's PCS operations:

(Dollars in thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	1998	1997	Change	1998	1997	Change
PCS Revenues:						
Subscriber revenues	\$ 33,291	\$ 16,241	105.0%	\$ 82,274	\$ 36,057	128.2%
Rosner revenues	1,110		N.M.	2,445		N.M.
Equipment revenues	11,785	7,051	67.1%	27,857	17,407	60.0%
Total Revenues	\$ 46,186	\$ 23,292		\$ 112,577	\$ 53,464	
PCS Operating Expenses:						
Cost of service	\$ 12,250	\$ 11,805	3.0%	\$ 35,013	\$ 31,886	9.5%
Cost of equipment sold	21,350	14,897	43.3%	52,883	37,452	41.2%
General and administrative	17,825	12,787	40.2%	55,185	36,400	54.4%
Sales and marketing	22,383	15,270	46.6%	54,744	44,884	21.9%
Depreciation and amortization	21,083	20,575	2.5%	61,242	47,589	28.7%
Total operating expenses	\$ 85,031	\$ 75,454		\$ 260,867	\$ 198,331	
EBITDA	\$ (27,762)	\$ (31,987)	12.1%	\$ (88,248)	\$ (97,268)	11.3%

PCS Revenues

Both the three and nine month increase in subscriber revenues are primarily due to the 162.2% increase in the number of ending subscribers at September 30, 1998, compared to September 30, 1997, offset by a decrease in the average monthly subscriber revenue per average subscriber. The increase in subscribers is due to the relative maturity of the seven MTAs operating during the periods and the Company's "Get More" advertising campaign, featuring Jamie Lee Curtis, that was initiated in the second quarter of 1998. Average monthly subscriber revenue per average subscriber was \$46.49 and \$46.47 for the three and nine months ended September 30, 1998, respectively, compared to \$61.88 and \$63.26 for the same periods in 1997. The decrease in the average monthly subscriber revenue per average subscriber is primarily due to the Company's rollout of its 40/400 plan, which allows a subscriber to use up to 400 minutes a month for \$40.

Roamer revenues are a result of the Company's continuing effort to procure domestic and international roaming agreements with other carriers.

Equipment sales, for both the three and nine month periods ending September 30, 1998, increased primarily as a result of increased sales of handsets, offset by a decrease in the average handset selling price. While the Company expects total equipment sales to continue to increase, the decline in the average handset selling price will limit the growth of equipment sales.

PCS Operating Expenses

Cost of service expenses, cost of equipment sales, and depreciation and amortization expenses largely represent the expenses incurred by the operational PCS systems. Accordingly, cost of service expenses, cost of equipment sales, and depreciation and amortization expenses increased for the nine months ended September 30, 1998, compared to the same period of 1997. The increase seen in the three months is primarily due to the relative maturity of each market in 1998 versus 1997. The relatively low increase in cost of service is related to efficiencies gained from the growing subscriber base for both the three and nine month periods. Cost of service decreased as a percentage of service revenues to 35.7% and 41.3% for the three and nine months ended September 30, 1998, respectively, from 73.5% and 68.7% for the same periods in 1997, respectively.

General and administrative costs increased due to the costs associated with supporting the additional operating markets and larger subscriber base. However, general and administrative monthly costs per average subscriber decreased to \$25.03 for the three months and \$31.74 for the nine months ended September 30, 1998, compared to \$48.71 and \$63.89 for the same periods in 1997. This decrease is the result of efficiencies gained from a growing subscriber base as well as a reduction in property taxes. This reduction in property taxes was the result of favorable legislative changes and valuation appeals.

Sales and marketing costs increased as a result of the increase in net subscriber additions and the effort to promote the Company's PCS brand name in a greater number of markets. However, the sales and marketing cost per net subscriber added, including the loss on equipment sales, decreased to \$612 for the three months ended and \$588 for the nine months ended September 30, 1998, from \$669 and \$691 for the same periods in 1997. This decrease is largely the result of a decrease in the churn rate in both the three and nine months ended September 30, 1998, compared to the same periods in 1997. In addition, the Company is seeing cost efficiencies from an increased growth in subscriber additions.

Other Income (Expense)

Interest and financing expense, net of capitalized interest, increased to \$31.7 million and \$93.5 million for the three months and nine months ended September 30, 1998, respectively, compared to \$27.3 million and \$67.8 million for the same periods in 1997, due to the increase in long-term debt. Long-term debt was incurred primarily to fund the Company's capital expenditures associated with the build-out of the Company's PCS systems. Interest expense will continue to increase in 1998 as a result of increased borrowings the Company has incurred, and will continue to incur, to fund its expansion. The weighted average interest rate, before the effect of capitalized interest, was 9.3% and 8.7% for the three and nine months ended September 30, 1998, as compared to 10.1% for both periods in 1997.

EBITDA

"EBITDA" represents operating loss before depreciation and amortization. EBITDA is a measure commonly used in the industry and should not be construed as an alternative to operating income (loss) (as determined in accordance with United States generally accepted accounting principles, "GAAP"), as an alternative to cash flows from operating activities (as determined in accordance with GAAP), or as a measure of liquidity. Cellular EBITDA represents EBITDA from the Company's cellular operations and PCS EBITDA represents EBITDA from the Company's PCS operations.

Consolidated EBITDA for the Company increased to \$15.7 million and \$26.7 million for the three months and nine months ended September 30, 1998, respectively, from negative \$0.9 and negative \$24.0 for the same periods in 1997. These increases were caused by an increase in the positive cellular EBITDA and improved negative PCS EBITDA. The increase in cellular EBITDA is primarily a result of increased revenues due to the increased subscriber base and the related cost efficiencies gained. As a result, cellular operating margin (cellular EBITDA as a percentage of cellular service revenues) increased to 40.5% and 38.9% for the three months and nine months ended September 30, 1998, from 38.7% and 35.7% for the comparative periods in 1997. The improvement in PCS EBITDA is also primarily due to the cost efficiencies gained as a result of an increased subscriber base.

Liquidity and Capital Resources

The Company has a credit facility (the "Cellular Credit Facility") with a consortium of lenders providing for \$750 million of revolving credit and a \$200 million term loan. A wholly owned subsidiary of VoiceStream (the "PCS Borrower") also has a credit facility (the "PCS Credit Facility") with a consortium of lenders providing for \$500 million of revolving credit and \$500 million of term loans. As of September 30, 1998, \$645 million and \$370 million were outstanding under the Cellular Credit Facility and the PCS Credit Facility, respectively. Amounts available for borrowing under the Cellular Credit Facility and the PCS Credit Facility, which are limited by certain financial covenants and other restrictions, were \$305 million and \$130 million, respectively. Indebtedness under the Cellular Credit Facility matures on March 31, 2003. The PCS Credit Facility matures on December 31, 2003, for the revolver and one \$250 million term loan, and September 30, 2007 for the other \$250 million term loan. Both the Cellular Credit Facility and the PCS Credit Facility bear interest at variable rates. Substantially all the assets of the Company, other than certain PCS licenses acquired in the Federal Communications Commission's ("FCC") D and E Block auctions and certain other assets, are pledged as security for such indebtedness. The terms of the Cellular Credit Facility and the PCS Credit Facility restrict, among other things, the sale of assets, distribution of dividends or other distributions and loans.

In February 1998, a subsidiary of Hutchison Telecommunications Limited ("HTL") purchased 19.9% of the outstanding capital stock of VoiceStream for an aggregate purchase price of \$248.4 million. Approximately \$135 million of the proceeds were used by VoiceStream to continue the build-out of its PCS systems during 1998. The remainder of the proceeds were paid to the Company as a repayment of advances made to VoiceStream and were used by the Company to reduce amounts outstanding under the Cellular Credit Facility.

In June 1998, a wholly owned subsidiary of the Company, through a controlling interest in a partnership (the "Ireland Partnership"), was notified by the Office of the Director of Telecommunications Regulation that it was the preferred applicant for a DCS-1800/GSM 900 mobile communication license in Ireland. The amount bid by the Ireland Partnership on this license was \$16.2 million, including related fees. The license has not yet been granted.

Through the end of 1998, the Company anticipates spending significant capital resources for the acquisition of wireless licenses and the continued development of its existing licenses. The Company anticipates this spending to be in excess of \$300 million. In addition, further funds (which may be significant) will be required to finance the continued growth of its cellular and PCS operations, provide for working capital and service debt. The Company will utilize cash on hand, the Cellular Credit Facility, the PCS Credit Facility and other sources of funding, for such purposes. The Company continues to consider and expects to pursue additional sources of funding to enable the further development of the PCS business. Such sources may include the issuance of additional indebtedness under the sale of additional equity at the parent or subsidiary level. There can be no assurance that such funds will be available to the Company on acceptable or favorable terms.

Net cash used in operating activities was \$20.3 million for the nine months ended September 30, 1998. Adjustments to the \$168.9 million net loss to reconcile to net cash used in operating activities included \$115.5

million of depreciation and amortization, \$29.3 million for the minority interest loss of consolidated subsidiaries, \$21.7 million for the equity in net loss of unconsolidated affiliates due to the increase in activity in the Company's interest in Cook Inlet PCS, and a \$13.0 million decrease in inventory as a result of an effort to decrease inventory levels from December 1997. Net cash used in operating activities was \$82.6 million for the nine months ended September 30, 1997.

Net cash used in investing activities was \$229.4 million for the nine months ended September 30, 1998. Investing activities for such period consisted primarily of purchases of property and equipment of \$151.9 million, of which \$102.4 million was attributable to PCS capital expenditures. Other investing activity during the period includes \$21.2 million of investments in and advances to unconsolidated affiliates, primarily related to the Cook Inlet PCS and \$20.0 million of additions to licensing costs and other intangible assets, primarily attributable to 52 Local Multipoint Distribution Service (LMDS) licenses that the Company acquired in an FCC auction. In addition, acquisitions of wireless properties of \$35.3 million in the nine months ended September 30, 1998, consists primarily of the Company's purchase of the cellular license and operations of the Nebraska 5 RSA and Colorado 4 RSA in the second and third quarters of 1998, respectively. Net cash used in investing activities was \$378.5 million for the nine months ended September 30, 1997.

Net cash provided by financing activities was \$259.5 million for the nine months ended September 30, 1998. Financing activities for such period consisted primarily of net proceeds from the sale of a minority interest in VoiceStream of \$243.7 million. Net cash provided by financing activities was \$427.8 million for the nine months ended September 30, 1997.

In the ordinary course of business, the Company continues to evaluate acquisition opportunities, joint ventures and other potential business transactions. Such acquisitions, joint ventures and business transactions may be material. Such transactions may also require the Company to seek additional sources of funding through the issuance of additional debt and/or additional equity at the parent or subsidiary level. There can be no assurance that such funds will be available to the Company on acceptable or favorable terms.

A wholly owned subsidiary of VoiceStream holds a 49.9% interest in Cook Inlet PCS. Cook Inlet PCS is subject to the FCC's build-out requirements and will require significant additional amounts to complete the build-out of its PCS systems and to meet the government debt service requirements on the C and F Block license purchase prices. The potential sources of such additional funding include vendor loans, loans or capital contributions by the partners of Cook Inlet PCS or other third party financing. To date, the Company has funded the operations of Cook Inlet PCS through the issuance of promissory notes. At September 30, 1998, the wholly owned subsidiary of VoiceStream had advanced funds totaling \$50.3 million to Cook Inlet PCS under such promissory notes. During the second quarter of 1998, Cook Inlet PCS participated in the C Block restructuring options provided by the FCC. The options chosen by Cook Inlet PCS had the effect of reducing its debt by \$29.1 million.

The Company is considering alternatives to its current capital structure, one of which is a potential spin-off of its 80.1 percent ownership interest in VoiceStream to its shareholders on a tax-free basis. In connection with such consideration, the Company has filed a request for ruling with the Internal Revenue Service ("IRS") as to the tax-free nature of such spin-off. Such a transaction would be subject to numerous conditions including, among others, the receipt of a favorable IRS ruling, final approval by the Board of Directors of the terms and conditions of any such transaction, certain government and third party approvals and review by the Securities and Exchange Commission ("SEC") of necessary SEC filings. There can be no assurance that such potential tax-free spin-off will be consummated.

Year 2000 Issues

The Company, like most owners of computer software, will be required to modify significant portions of its software so that it will function properly in the year 2000. Any of the Company's, or its vendors, computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. The Company is currently remediating its critical systems to address the year 2000 issue. Critical systems are those whose failure poses a risk of disruption to the Company's ability to provide wireless services, to collect revenues, to meet safety standards, or to comply with legal requirements. The Company expects to incur internal staff costs as well as consulting and other expenses related to infrastructure and facilities enhancements necessary to prepare the system for the year 2000.

Much of the Company's technology, including technology associated with its critical systems, is purchased from third parties. The Company is dependent on those third parties to assess the impact of the year 2000 issue on the technology they have supplied and to take any necessary corrective action. The Company's plan includes obtaining letters from all third parties to determine whether they have accurately assessed the problem and taken corrective action.

While costs incurred to date to address the year 2000 issue have not been significant, the Company expects to incur incremental consolidated expenses of not more than \$5 million through the end of 1999 to implement its plan for its consolidated critical systems. In addition, the Company has redeployed internal resources to address the problem. The substantial majority of these expenses will be incurred in the first half of 1999. Additionally, the Company will incur capitalized costs that represent ongoing investment in new systems and system upgrades, the timing of which is being accelerated in order to facilitate year 2000 compliance and which is not expected to have a material impact on the Company's financial position or results of operations. This estimate assumes that third party suppliers have accurately assessed the compliance of their products and that they will successfully correct the issue in non-compliant products. Because of the complexity of correcting the year 2000 issue, actual costs may vary from this estimate.

Based on its current assessments and its remediation plan, which are based in part upon certain representations of third parties, the Company expects that it will not experience a disruption of its operations as a result of the change to the year 2000. However, there can be no assurance that neither the Company nor the third parties who have supplied technology used in the Company's critical systems will be successful in taking corrective action in a timely manner. To limit the risk for material loss, the Company is developing contingency plans with respect to certain key technology used in its critical systems, although there can be no assurance that these contingency plans will successfully avoid service disruption.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to "Item 1. Legal Proceedings" in the Company's Form 10-Q filed with the Securities and Exchange Commission for the quarter ended March 30, 1998, concerning the Department of Justice investigation.

There are no material, pending legal proceedings to which the Company or any of its subsidiaries or affiliates is a party or of which any of their property is subject which, if adversely decided, would have a material adverse effect on the Company.

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K.

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| (a) | <u>Exhibit</u> | <u>Description</u> |
| | 27.1 | Financial Data Schedule |
| (b) | Reports on Form 8-K | |

A Form 8-K was filed on July 23, 1998, reporting Western Wireless Corporation's financial and operating results for the second quarter ended June 30, 1998.

A Form 8-K was filed on October 27, 1998, reporting Western Wireless Corporation's financial and operating results for the third quarter ended September 30, 1998, and announcing the filing of a request for ruling with the Internal Revenue Service.

SIGNATURES

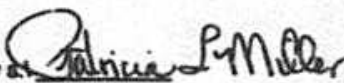
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Western Wireless Corporation

By s:1


Donald Guthrie
Chief Financial Officer

By s:1


Patricia L. Miller
Controller (Principal
Accounting Officer)

Date: November 12, 1998

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
27.1	Financial Data Schedule

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-K

□ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 1997

Or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number 000-28169

WESTERN WIRELESS CORPORATION

(Exact name of registrant as specified in its charter)

Washington

91-1638801

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

2001 NW Sammamish Road

Issaquah, Washington

(Address of principal executive offices)

98027

(Zip Code)

(425) 313-6200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Class A Common Stock

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

The aggregate market value of the voting stock held by nonaffiliates of the registrant, computed by reference to the last sale of such stock as of the close of trading on March 2, 1998, was \$517,174,730.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title	Shares Outstanding as of March 2, 1998
Class A Common Stock, no par value	22,846,192
Class B Common Stock, no par value	52,963,811

Documents Incorporated By Reference

Portions of the following documents are incorporated by reference into the indicated parts of this Form 10-K:
1997 Annual Report - Part II.
1998 Proxy Statement - Part III.

Western Wireless Corporation
Form 10-K
For the Year Ended December 31, 1997

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Cautionary statement for purposes of the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995. Statements contained or incorporated by reference in this document that are not based on historical fact are "forward-looking statements" within the meaning of the Private Securities Reform Act of 1995. Forward-looking statements may be identified by use of forward-looking terminology such as "believe," "tends," "may," "will," "expect," "estimate," "anticipate," "continue," or similar terms, variations of those terms or the negative of those terms.

PART I

Item 1. BUSINESS

Introduction

Western Wireless Corporation (the "Company" or "Western Wireless") provides wireless communications services in the western United States. The Company owns an aggregate of 199 cellular and personal communications services ("PCS") licenses for a geographic area covering approximately 68.0 million persons (counting only once those persons that may be served by either cellular or PCS systems owned by the Company). In addition, Western Wireless is a partner in ventures owning 21 PCS licenses covering 13.0 million persons, some of which overlap licenses owned by the Company. Western Wireless' combined cellular and PCS licenses, together with the ventures in which it is a partner, cover approximately 59% of the land in the continental United States. In its consolidated cellular and wholly-owned PCS markets, the Company served 648,600 subscribers at December 31, 1997.

The Company operates its cellular systems under the CELLULAR ONE® brand name and operates its PCS markets under its proprietary VoiceStream® brand name. It owns and operates cellular systems in 72 Rural Service Areas ("RSAs") and 16 Metropolitan Statistical Areas ("MSAs") with an aggregate population of approximately 7.3 million persons. The Company holds 7 Major Trading Area ("MTA") broadband PCS licenses and 104 Basic Trading Area ("BTA") broadband PCS licenses covering approximately 64.2 million persons. Each of the Company's operational PCS systems utilizes Global System for Mobile Communications ("GSM") technology as the network standard. GSM is the leading digital wireless standard worldwide, with systems operating in approximately 109 countries, including the United States, and serving over 66 million subscribers.

Western Wireless is also engaged in activities related to its principal wireless communications business. The Company has interests in entities which own wireless licenses in certain foreign countries, including Ghana, Haiti, Iceland, and the Republics of Latvia and Georgia. In addition, the Company has interests in entities which have made wireless license applications in certain other foreign countries. During 1997, two of these ventures commenced operations. In addition, since their acquisition in February 1996, the Company has operated paging systems in eight western states and served 31,900 customers at December 31, 1997.

Western Wireless Corporation was formed in July 1994 as the result of a business combination (the "Business Combination") among various companies, including Markets Cellular Limited Partnership d/b/a Pacific Northwest Cellular, a Delaware limited partnership ("MCLP"), and General Cellular Corporation, a Delaware corporation ("GCC"). GCC commenced operations in 1989 and MCLP was formed in 1992. As a result of the Business Combination and a series of related transactions, Western Wireless Corporation became the owner of all of the assets of MCLP. Accordingly, all financial data relating to the Company herein with respect to periods after the date of the Business Combination reflect the operations of GCC and MCLP and all such data with respect to prior periods reflect only the operations of GCC, which, for accounting purposes, is considered Western Wireless Corporation's predecessor.

Year of 1997

The Company has grown rapidly over the years with an average of 84% growth in revenues each year from 1994 through 1997. The Company continued its strong growth in 1997 as evidenced by the following landmarks. In January, the Company was the high bidder on 100 PCS licenses in the Federal Communication Commission's ("FCC") D and E Block auctions; all such licenses were granted and paid for in 1997. In May, Western Wireless commenced operations in Denver, the last of the Company's MTA licenses from the FCC's A block auction. In June, Cook Inlet Western Wireless P/V/S PCS, LP ("Cook Inlet PCS"), in which the Company holds a 49.9% interest, launched VoiceStream service in the Tulsa BTA, thus becoming the first C Block licensee to become operational in a major market. In October, Western Wireless acquired the business and assets of another wireless provider with operations contiguous to that of the Company. The acquisition added 12 cellular licenses, 8 PCS licenses and 58,500 cellular subscribers. In November, an affiliate of Hutchison Telecommunications Limited ("HTL") acquired \$74 million of the Company's common stock in a private placement. During the

fourth quarter, the Company also announced joint ventures that will further expand the VoiceStream brand name in PCS markets in the western United States. The Company anticipates continued growth in 1998. In February 1998, the Company and HTL completed a transaction whereby HTL acquired a 19.9% interest in the Company's subsidiary which owns and operates its PCS licenses and markets for approximately \$248 million.

Strategy

Historically, the Company has focused on the acquisition and operation of cellular communications systems in RSAs and small MSAs in the western United States. The Company's acquisition of PCS licenses enables it to significantly expand both its customer base and geographic coverage and to offer enhanced wireless communications services. The Company's initial focus with its PCS licenses has been, and will continue to be, to commence operations in the most densely populated areas within its PCS systems. The Company believes that cellular is the optimum technology for rural, less densely populated areas because they are less susceptible to competition and have a greater capacity for future growth than most major markets, and that PCS is the optimum technology for more densely populated urban areas where analog cellular systems are more expensive to deploy and face potential capacity constraints. The Company has entered markets at a relatively low cost, having purchased cellular licenses for an average of \$45.68 per pop overall, excluding the effect of licenses acquired through business acquisitions. The Company's PCS MTA licenses were purchased at an average of \$10.81 per pop and the PCS BTA licenses were purchased at an average of \$3.13 per pop, including the Company's ownership percentage in Cook Inlet PCS's licenses. "Pops" refers to the number of persons in a licensed area multiplied by the Company's ownership interest in the license for such licensed area.

The Company's operating strategy has been to (i) construct and commence operations with high quality systems and extensive coverage in rural areas with its cellular systems and in urban areas with its PCS systems; (ii) continue to expand its operations through increased subscriber growth and usage; (iii) utilize its centralized management and back office functions to support the needs of its cellular and PCS subscribers, thereby further improving operating efficiencies and generating greater economies of scale; and (iv) selectively acquire cellular and PCS properties primarily in contiguous markets. The Company is implementing its strategy by continuing to build its PCS systems, offering a wide range of products and services at competitive prices, continually upgrading the quality of its network, establishing strong brand recognition, creating a strong sales and marketing program tailored to local markets and providing a superior level of customer service.

The Company plans to continue to take advantage of opportunities to enter new markets at a relatively low cost, including international ventures.

The Wireless Communications Industry

Overview

Wireless communications systems use a variety of radio frequencies to transmit voice and data. Broadly defined, the wireless communications industry includes one-way radio applications, such as paging or beeper services, and two-way radio applications, such as cellular, PCS and Enhanced Specialized Mobilized Radio ("ESMR") networks. Historically, each application has been licensed and operates in a distinct radio frequency block.

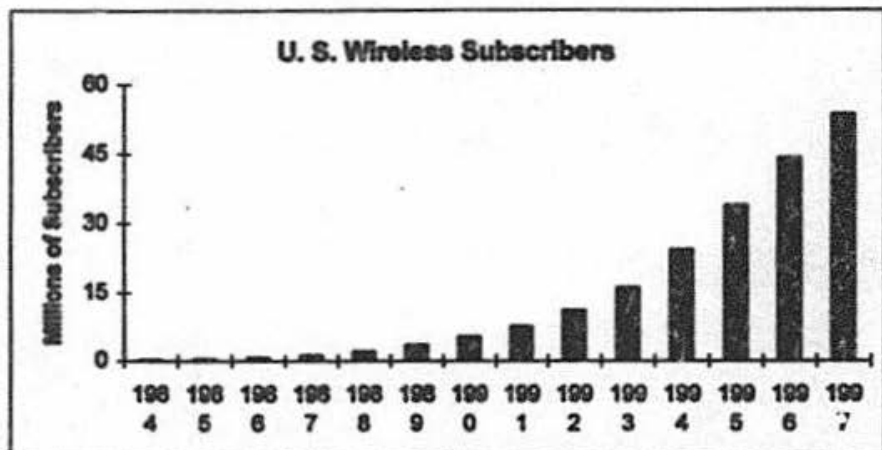
Since its introduction in 1983, wireless service has grown dramatically. As of June 30, 1997, according to Cellular Telecommunications Industry Association ("CTIA") there were over 48.7 million wireless subscribers in the United States, representing a penetration rate of 18% and a growth of 10.6% from December 31, 1996.

The following table sets forth certain domestic wireless industry statistics derived from the data survey results published semi-annually by CTIA:

	Year Ended December 31,				
	1993	1994	1995	1996	1997
Total Service Revenues (in billions).....	\$ 10.9	\$ 14.2	\$ 19.0	\$ 23.6	\$ 27.6
Ending Wireless Subscribers (in millions)	16.0	24.1	33.8	44.0	53.4
Subscriber Growth	45.1%	50.8%	40.0%	30.4%	21.4%
Average Monthly Service Revenue					
per Subscriber	\$ 67.13	\$ 59.08	\$ 54.90	\$ 50.61	\$ 47.23
Average Monthly Subscriber Revenue					
per Subscriber	\$ 58.74	\$ 51.48	\$ 47.59	\$ 44.66	\$ 42.09
Ending Penetration	6.2%	9.4%	13.0%	17.0%	19.6%

These statistics represent results for the industry as a whole. Average Monthly Service Revenue per Subscriber reflects per subscriber revenue including roaming revenue, and Average Monthly Subscriber Revenue per Subscriber reflects per subscriber revenue excluding roaming revenue.

The following chart illustrates the growth in United States wireless subscribers through December 31, 1997 (subscribers at December 31, 1997, were derived from the data survey results published semi-annually by CTIA):



Source: Cellular Telecommunications Industry Association

In the wireless communications industry, there are two principal services licensed by the FCC for transmitting voice and data signals, "cellular services" and "PCS." Cellular service is the predominant form of wireless voice communications service currently available. The FCC has made available for cellular service a portion of the radio spectrum from 830-870 MHz. Cellular service is capable of providing high quality, high capacity service to and from mobile, portable and stationary telephones. Cellular handsets are affordable and easy to use and offer important benefits to both business and residential consumers. Fully equipped, multi-cell cellular systems are capable of handling thousands of calls at any given time and thus are capable of providing service to hundreds of thousands of subscribers in a given market. See "—Products and Services."

Cellular systems are primarily analog based systems, although digital technology has been introduced in certain markets. Analog technology currently has several limitations, including lack of privacy and limited capacity. Digital systems convert voice or data signals into a stream of digits that is compressed before transmission, enabling a single radio channel to carry multiple simultaneous signal transmissions. This enhanced capacity, along with improvements in digital signaling, allows digital-based wireless technologies to offer new and enhanced services, such as greater call privacy, and robust data transmission features, such as "mobile office" applications (including facsimile, electronic mail and wireless connections to computer/data networks, including the Internet). See "—Operation of Wireless Communications Systems."

PCS is a term commonly used in the United States to describe a portion of radio spectrum (1850-1900 MHz). PCS spectrum was auctioned by the FCC beginning with the A and B Blocks, which were auctioned by the FCC in late 1994 and 1995. In late 1995 and in 1996 the C Block was auctioned and the FCC concluded simultaneous auctions of the D, E and F Blocks in 1997. This portion of radio spectrum is to be used by PCS licensees to provide wireless communications services. PCS competes directly with existing cellular telephone, paging and specialized mobile radio services. PCS also includes features that are not generally offered by cellular providers, such as data transmissions to and from portable computers, advanced paging services and facsimile services. In addition, wireless providers may offer mass market wireless local loop applications in competition with wired local communications services. See "—Governmental Regulation" for a discussion of the FCC auction process and allocation of wireless licenses.

The Company, and the wireless communications industry in general, have historically experienced significant subscriber growth during the fourth calendar quarter. The Company has historically experienced highest usage and revenue per subscriber during the summer months. The Company expects these trends to continue.

Operation of Wireless Communications Systems

Wireless communications system service areas, whether cellular or PCS, are divided into multiple cells. Due to the frequencies in which they operate, cellular cells generally have a wider transmission radius than PCS cells. In both cellular and PCS systems, each cell contains a transmitter, a receiver and signaling equipment (the "Cell Site"). The Cell Site is connected by microwave or landline telephone lines to a switch that uses computers to control the operation of the cellular communications system for the entire service area. The system controls the transfer of calls from cell to cell as a subscriber's handset travels, coordinates calls to and from handsets, allocates calls among the cells within the system and connects calls to the local landline telephone system or to a long distance telephone carrier. Wireless communications providers establish interconnection agreements with local exchange carriers and interexchange carriers, thereby integrating their system with the existing landline communications system.

Because the signal strength of a transmission between a handset and a Cell Site declines as the handset moves away from the Cell Site, the switching office and the Cell Site monitor the signal strength of calls in progress. When the signal strength of a call declines to a predetermined level, the switching office may "hand off" the call to another Cell Site where the signal strength is stronger. If a handset leaves the service area of a cellular or PCS system, the call is disconnected unless there is a technical connection with the adjacent system.

Analog cellular handsets are functionally compatible with cellular systems in all markets within the United States. As a result, analog cellular handsets may be used wherever a subscriber is located, as long as a cellular system is operational in the area. Cellular system operators normally agree to provide service to subscribers from other cellular systems who are temporarily located in or traveling through their service areas. Agreements among system operators provide that the carrier that normally provides services to the roaming subscriber pays the serving carrier at rates prescribed by the serving carrier.

Although PCS and cellular systems utilize similar technologies and hardware, they operate on different frequencies and use different technical and network standards. As a result, and as discussed further below, it is often not possible for users of one type of system to "roam" on a different type of system outside of their service area, or to hand off calls from one type of system to another. This is also true for PCS subscribers seeking to roam in a PCS service area served by operators using different technical standards.

PCS systems operate under one of three principal digital signal transmission technologies, or standards, that have been proposed by various operators and vendors for use in PCS systems: GSM, Code Division Multiple Access ("CDMA") or Time Division Multiple Access ("TDMA"). GSM and TDMA are both "time division-based" standards but are incompatible with each other and with CDMA. Accordingly, a subscriber of a system that utilizes GSM technology is currently unable to use a GSM handset when traveling in an area not served by GSM-based PCS operations, unless the subscriber carries a dual-mode handset that permits the subscriber to use the analog cellular system in that area.

Cellular Operations

The Company operates cellular systems in 72 RSAs and 16 smaller MSAs, and generally owns 100% of each of its cellular licenses. In these rural and small urban markets, the Company's cellular systems cover large geographic areas with relatively few Cell Sites, incorporating cost efficient technology.

The Company's experience is that several inherent attributes of RSAs and small MSAs make such markets attractive. Such attributes include high subscriber growth rates, population bases of customers with substantial needs for wireless communications, the ability to cover larger geographic areas with fewer Cell Sites than is possible in urban areas, less intense competitive environments and less vulnerability to PCS competition.

See the financial results of the Company's cellular operations in the footnotes to the consolidated financial statements located in Part II of the Form 10-K.

Cellular Barter and Systems

The Company owns FCC licenses to provide wireless cellular communications services in 85 separate markets. The Company's pops by cellular market are as follows.

Cellular Barter (1)	Population (2)	Ownership Percentage	The Company's Population (2)	Cellular Barter (1)	Population (2)	Ownership Percentage	The Company's Population (2)
California				California			
Alameda (CA-4)	29,000	100	29,000	Alameda (CA-4)	44,000	100	44,000
California Total	29,000		29,000	Alameda (CA-4)	50,000	100	50,000
				Alameda (CA-4)	30,000	100	30,000
Colorado				Alameda (CA-4)	14,000	100	14,000
Colorado (CO-4)	134,000	100	134,000	Alameda Total	148,000		148,000
Colorado (CO-4)	34,000	100	34,000				
Colorado (CO-4)	50,000	100	50,000	New Mexico			
Colorado (CO-4)	48,000	100	48,000	Albuquerque (NM-4)	255,000	100	255,000
Colorado (CO-4)	30,000	100	30,000	Albuquerque (NM-4)	255,000		255,000
Colorado Total	298,000		298,000	Albuquerque (NM-4)	14,000	100	14,000
				Albuquerque (NM-4)	148,000		148,000
Idaho				North Dakota			
Idaho (ID-2) (3)	80,000	100	80,000	Grand Forks (ND-1)	95,000	100	95,000
Idaho Total	80,000		80,000	Grand Forks (ND-1)	171,000	100	171,000
				Grand Forks (ND-1)	108,000	100	108,000
Illinois				Grand Forks (ND-1)	108,000	100	108,000
Illinois (IL-4)	123,000	100	123,000	Grand Forks (ND-1)	62,000	100	62,000
Illinois (IL-4)	55,000	100	55,000	Grand Forks (ND-1)	63,000	100	63,000
Illinois Total	178,000		178,000	Grand Forks (ND-1)	48,000	100	48,000
				Grand Forks (ND-1)	651,000		651,000
Kansas				South Dakota			
Kansas (KS-3)	54,000	100	54,000	Sioux Falls (SD-1)	114,000	100	114,000
Kansas (KS-3)	137,000	100	137,000	Sioux Falls (SD-1)	142,000	95	141,000
Kansas (KS-3)	131,000	100	131,000	Sioux Falls (SD-1)	38,000	100	38,000
Kansas (KS-3)	59,000	100	59,000	Sioux Falls (SD-1)	22,000	100	22,000
Kansas (KS-3)	110,000	100	110,000	Sioux Falls (SD-1)	54,000	100	54,000
Kansas (KS-3)	177,000	100	177,000	Sioux Falls (SD-1)	71,000	100	71,000
Kansas Total	608,000		608,000	Sioux Falls (SD-1)	27,000	100	27,000
				Sioux Falls (SD-1)	41,000	100	41,000
Massachusetts				Sioux Falls (SD-1)	67,000	100	67,000
Massachusetts (MA-1)	49,000	100	49,000	Sioux Falls (SD-1)	74,000	100	74,000
Massachusetts (MA-1)	20,000	100	20,000	Sioux Falls (SD-1)	100,000	100	100,000
Massachusetts (MA-1)	172,000	100	172,000	Sioux Falls (SD-1)	751,000		750,000
Massachusetts (MA-1)	68,000	100	68,000				
Massachusetts (MA-1)	133,000	100	133,000	Texas			
Massachusetts Total	448,000		448,000	Abilene (TX-1)	157,000	100	157,000
				Abilene (TX-1)	237,000	100	237,000
Missouri				Abilene (TX-1)	121,000	95	116,000
Missouri (MO-4)	81,000	100	81,000	Abilene (TX-1)	125,000	95	120,000
Missouri Total	81,000		81,000	Abilene (TX-1)	103,000	100	103,000
				Abilene (TX-1)	98,000	100	98,000
Montana				Abilene (TX-1)	138,000	100	138,000
Billings (MT-1)	131,000	95	128,000	Abilene (TX-1)	77,000	100	77,000
Billings (MT-1)	82,000	100	82,000	Abilene (TX-1)	135,000	100	135,000
Billings (MT-1)	154,000	100	154,000	Abilene (TX-1)	27,000	100	27,000
Billings (MT-1)	37,000	100	37,000	Abilene (TX-1)	33,000	100	33,000
Billings (MT-1)	16,000	100	16,000	Abilene (TX-1)	45,000	100	45,000
Billings (MT-1)	41,000	100	41,000	Abilene (TX-1)	1,385,000		1,375,000
Billings (MT-1)	19,000	100	19,000				
Billings (MT-1)	6,000	100	6,000				
Billings (MT-1)	31,000	100	31,000				
Billings (MT-1)	98,000	100	98,000				
Billings (MT-1)	34,000	100	34,000				
Billings (MT-1)	20,000	100	20,000				
Billings Total	808,000		808,000				

Cellular Markets (1)	Population (2)	Ownership Percentage	The Company's Population (2)	Cellular Markets (1)	Population (2)	Ownership Percentage	The Company's Population (2)
Alabama				Utah			
Linea	237,000	100	237,000	Just (UT-3)	58,000	100	58,000
Cherry (MS-2)	31,000	100	31,000	Beaver (UT-4)	119,000	100	119,000
Ross (MS-3)	120,000	100	120,000	Plute (UT-6)	30,000	100	30,000
Grant (MS-4)	38,000	100	38,000	Utah Total	<u>207,000</u>		<u>207,000</u>
Columbia (MS-5) (4)	148,000	100	148,000				
Smith (MS-6)	110,000	100	110,000	Wyoming			
Hill (MS-7)	94,000	100	94,000	Cooper	66,000	100	66,000
Chase (MS-8)	58,000	100	58,000	Sheridan (WY-2)	80,000	100	80,000
Adams (MS-9)	82,000	100	82,000	Douglas (WY-6)	13,000	48	6,000
Casa (MS-10)	88,000	100	88,000	Wyoming Total	<u>159,000</u>		<u>152,000</u>
Alabama Total	<u>1,005,000</u>		<u>1,005,000</u>	Cellular Total	<u>7,477,000</u>		<u>7,458,000</u>

- (1) Excludes two markets containing a population of 226,000 in which the Company operates under an Interim Operating Authority (IOA).
- (2) Estimated 1998 populations are based on 1997 estimates by Equifax adjusted by the Company by a growth factor based upon Equifax's growth factors from 1995 to 1997.
- (3) The population for Idaho 2 includes 5,000 persons in Idaho 3 which the Company has construction permits to build Cell Sites under its Idaho 2 license.
- (4) The Company has entered into a definitive purchase agreement for this market. The transaction is expected to close during the third quarter of 1998. The Company previously operated this market under an IOA.

PCS Operations

The Company owns 111 PCS licenses, covering approximately 64.2 million persons. The Company operates PCS systems in the Honolulu, Salt Lake City, El Paso/Albuquerque, Portland, Oklahoma City, Des Moines/Quad Cities and Denver MTAs, and is constructing the initial phase of its PCS systems in the Seattle, Phoenix and Tucson BTAs. The Company has not yet finalized its construction plans for all of the licenses purchased in the D and E Block auctions. Cook Inlet PCS provides service in the Tulsa, Oklahoma BTA utilizing the VoiceStream brand name. Through joint ventures, PCS services are offered or will be offered under the VoiceStream brand name in the Wichita, Kansas BTA and certain BTAs in Iowa.

The Company believes its PCS service offerings are broader than those generally offered by cellular systems in the Company's PCS markets. PCS service offerings initially include all of the services typically provided by cellular systems, as well as paging, caller identification, text messaging, smart cards, voice mail, over-the-air activation and over-the-air subscriber profile management.

The Company's goal is to achieve significant market penetration by aggressively marketing competitively priced PCS services under its proprietary VoiceStream brand name, offering enhanced services not generally provided by cellular operators and providing superior customer service. In addition, the Company is structured to be a low-cost provider of PCS services by taking advantage of the existing business infrastructure and business experience established in connection with its cellular operations, including centralized management, marketing, billing and customer service functions, and by focusing on efficient customer acquisition and retention. See "—Products and Services."

The Company's experience is that PCS technology is better suited to urban areas than rural areas and has cost advantages relative to cellular technology in urban areas. PCS Cell Sites operate at a higher frequency and lower power than cellular Cell Sites and, therefore, typically have a smaller coverage area. Unlike rural areas, wireless systems in urban areas require substantial frequency "reuse" to provide high capacity. The coverage advantage that cellular frequencies and analog technology enjoy in rural areas is not present in urban areas because analog cellular technology does not provide efficient frequency reuse. As a result, the higher frequency, lower power, digital PCS systems are likely to provide greater capacity in urban areas.

The Company has selected GSM as the digital standard for its PCS system because the Company believes it has significant advantages over the other competing digital standards, including the experience of years of proven operability in Europe and Asia, enhanced features and an open system architecture that will allow the Company to choose from a variety of

equipment options and providers. GSM is the leading digital wireless standard in the world, with over 66 million customers in 109 countries.

The Company has entered into roaming agreements or letters of intent with substantially all of the licensees which have chosen to deploy the GSM standard in their PCS markets in the United States which will provide for roaming by the Company's PCS subscribers into these carriers' PCS markets, and vice versa, when such systems are operational. The Company also has over 70 reciprocal roaming agreements or letters of intent with a variety of international carriers who have chosen to deploy the GSM standard. The Company anticipates entering into similar agreements with other domestic and international carriers who deploy the GSM standard and with other cellular carriers.

See the financial results of the Company's PCS operations in the footnotes to the consolidated financial statements located in Part II of the Form 10-K.

PCS Markets and Systems

The Company owns 111 FCC licenses to provide wireless PCS communications services in the markets listed below. The MTA licenses owned by the Company are 30 MHz blocks in the A and B Blocks and the BTA licenses are 10 MHz blocks in the D and E Blocks. See—"Governmental Regulation - Licensing of PCS Systems."

PCS MTA Markets	PCS BTA Markets	Population(1)	PCS MTA Markets	PCS BTA Markets	Population(1)
Honolulu		1,198,000	San Francisco	San Francisco	8,843,000
Portland		3,561,000	Spokane	Billings	325,000
Salt Lake City	St. George	3,120,000		Great Falls	167,000
		130,000		Walla Walla-Pendleton	168,000
Denver		4,541,000		Kennecook-Pasco-Richland	188,000
El Paso/Albuquerque		2,540,000		Missoula	171,000
Oklaoma City		2,009,000		Lewiston-Moscow	124,000
	Enid	87,000		Butte	68,000
	Oklaoma City	1,416,000		Bozeman	80,000
	Ponca City	47,000		Kalispell	75,000
	Stillwater	77,000		Helena	69,000
Des Moines/Quad Cities (2) (4)		3,124,000	Wichita	Wichita	637,000
Seattle	Seattle-Tacoma	2,988,000		Salina	147,000
	Olympia-Centralia	323,000	Tulsa	Hutchinson	127,000
Phoenix				Colleyville	63,000
	Phoenix	3,013,000	Omaha	Lincoln	335,000
	Tucson	812,000		Grand Island-Kearney	149,000
	Yuma	142,000		Norfolk	115,000
	Prescott	149,000		North Platte	86,000
	Flagstaff	115,000		Hastings	74,000
	Six a Vista-Douglas	117,000		McCook	35,000
	Nogales	39,000	Kansas City	Manhattan-Junction City	124,000
San Antonio	San Antonio	1,783,000			
	Corpus Christi	559,000			
	McAllen	582,000			
	Brownsville-				
	Harlingen	352,000			
	Laredo	213,000			

PCS BTA Markets	PCS BTA Markets	Population(1)	PCS BTA Markets	Population(1)
Dallas			Minneapolis	
Austin	399,000	1,171,000	Fargo	314,000
Atlanta	261,000		Grand Forks	214,000
Atlanta (2)	220,000		Sour Falls	233,000
San Angelo	164,000		Blumenthal	131,000
Midland (2)	126,000		Aberdeen	86,000
Park	82,000		Midland	85,000
Corpus	81,000		Wichita	78,000
Brownwood	63,000		Denig	64,000
Hobbs	59,000		Harmon	55,000
Big Spring	35,000		Wilmar-Midland	53,000
Lubbock	405,000		Worthington	95,000
St. Louis			Chicago	
St. Louis	2,852,000		Jacksonville	71,000
Carbonate-Morton	218,000		Little Rock	
Columbia	208,000		Little Rock	944,000
Cape Girardeau	168,000		Fert Smith	315,000
Stanton	162,000		Fayetteville-Springdale-Rogers	292,000
Quincy-Hamilton	154,000		Jackson-Pinebluff	178,000
Papier Bluff	154,000		Pine Bluff	151,000
Jefferson City	154,000		Hot Springs	138,000
Mount Vernon	125,000		Russellville	96,000
Centerville	83,000		Harrison	90,000
Paduca	77,000		Chickadee	
West Plains	57,000		Dayton-Springfield	1,225,000
Kennett			Richmond	
Memphis			Memphis	1,208,000
Memphis	2,868,000		Cleveland	
Cleveland			Cleveland-Morton	2,868,000
Cleveland	533,000		Canton	487,000
New Philadelphia	280,000		Youngstown-Warren	220,000
Edinburg	220,000		Stanton	139,000
Stanton	122,000		East Liverpool	113,000
Seaton	104,000		Austinsburg	91,000
Austinsburg			Marionville	
Marionville				

PCS Total (5)

64,204,000

- (1) Estimated 1996 populations are based on 1997 estimates by Equifax adjusted by the Company by a growth factor based upon Equifax's growth factors from 1995 to 1997.
- (2) "Quad Cities" refers to the cities of Moline and Rock Island, Illinois, and Bettendorf and Davenport, Iowa.
- (3) The Company was the high bidder on two 10 MHz licenses in these BTAs.
- (4) The Company owns a license for the Des Moines/Quad Cities MTA, consisting of the following: 30 MHz in seven urban counties within the Des Moines/Quad Cities MTA, and 10 MHz in all the other counties within the Des Moines/Quad Cities MTA. The Company contributed the other 20 MHz in the Des Moines/Quad Cities MTA to a joint venture that will operate such markets utilizing the VoiceStream brand name. The population of the markets to be served by this joint venture is 2,556,000.
- (5) Total PCS pops reflected here are net of the Oklahoma BTA markets which overlap the Oklahoma MTA markets and the Salt Lake City BTA markets which overlap the Salt Lake City MTA markets.

Cook Inlet PCS is a Delaware limited partnership ultimately controlled by Cook Inlet Region, Inc., an Alaska Native Regional Corporation, which qualifies Cook Inlet PCS for additional benefits available to a small business. The Company has a 49.9% partnership interest in Cook Inlet PCS. Cook Inlet PCS began operations in the Tulsa BTA in June of 1997. Cook Inlet PCS has not yet finalized its construction plans for the other licenses it owns.

Cook Inlet PCS owns FCC licenses to provide wireless PCS communications services in 21 separate BTA markets. The licenses owned by Cook Inlet PCS are 30 MHz blocks in the C Block except as noted below. See --"Governmental Regulation - Licensing of PCS Systems."

PCS BTA Markets	PCS BTA Markets	Population (1)
Seattle	Seattle-Tacoma (2)	2,988,000
	Yakima	249,000
	Bremerton	239,000
	Wenatchee	199,000
	Aberdeen	89,000
	Port Angeles	89,000
	Bellingham (2)	155,000
Spokane	Spokane	729,000
	Walla Walla-Pendleton	168,000
Phoenix	Phoenix (2)	3,013,000
	Tucson (2)	812,000
Dallas	Temple-Killeen (2)	361,000
	Wichita Falls	216,000
	Sherman-Denison	162,000
Tulsa	Tulsa	905,000
	Muskogee	161,000
	Colleyville	63,000
	Barbersville	47,000
Kansas City	Pittsburg-Parsons (2)	92,000
Minneapolis	Worthington (3)	98,000
Cincinnati	Cincinnati (2)	2,138,000
	Total	12,968,000

(1) Estimated 1998 populations are based on 1997 estimates by Equifax adjusted by the Company by a growth factor based upon Equifax's growth factors from 1995 to 1997.

(2) Represents a 10 MHz license obtained in the F Block auctions. See --"Governmental Regulation - Licensing of PCS Systems."

(3) Cook Inlet PCS has entered into an agreement to sell this license to a third party. This transaction is anticipated to close during the second quarter of 1998.

Products and Services

The Company provides a variety of wireless products and services designed to match a range of needs for business and personal use.

Cellular

The Company offers its subscribers high quality cellular communications, as well as several custom calling services, such as call forwarding, call waiting, conference calling, voice message storage and retrieval and no-answer transfer. In addition, all subscribers can access local government emergency services from their cellular handsets (with no air time charge) by dialing 911. The Company will continue to evaluate new products and services that may be complementary to its wireless operations. The Company has designed several pricing options to meet the varied needs of its customer base. Most options consist of a fixed monthly charge (with varying allotments of included minutes, in some cases), plus additional variable charges per minute of use. In addition, in most cases the Company separately charges for its custom calling features.

The Company provides extended regional and national service to cellular subscribers in its markets, through its membership in North American Cellular Network ("NACN") and other regional networking arrangements, thereby allowing them to make and receive calls while in other cellular service areas without dialing special access codes. NACN is the largest wireless telephone network system in the world, linking non-wireline cellular operators throughout the United States, Canada, Puerto Rico and the Virgin Islands. The Company also has special roaming arrangements with certain cellular carriers in areas adjacent to the Company's markets that provide the Company's customers attractive rates when roaming in these surrounding areas.

PCS

The Company currently offers several distinct services and features in its PCS systems, including:

Enhanced Features—The Company's PCS systems offer caller identification, call hold, voice mail and numeric paging, as well as custom calling features such as call waiting, conference calling and call forwarding.

Messaging and Wireless Data Transmission—Digital networks offer voice and data communications, including text messaging, through a single handset. The Company believes that, as data transmission services develop, a number of uses for such services will emerge.

Call Security and Privacy—Sophisticated encryption algorithms provide increased call security, encouraging users to make private, business and personal calls with significantly lower risk of eavesdropping than on analog-based systems.

Smart Card—"Smart" cards, programmed with the user's billing information and a specified service package, allow subscribers to obtain PCS connectivity automatically, simply by inserting their smart cards into compatible PCS handsets.

Over-the-Air Activation and Over-the-Air Subscriber Profile Management—The Company is able to transmit changes in the subscriber's feature package, including mobile number assignment and personal directory numbers, directly to the subscriber's handset.

Extended Battery Performance—Digital handsets are capable of entering into a "sleep" mode when not in use, significantly extending the handset's battery performance. In addition, because the Company's PCS systems utilize tightly spaced, low power transmitters, less power is required to transmit calls, thereby further extending battery performance.

Roaming—Subscribers are able to roam in substantial portions of the United States, either on other GSM-based PCS systems operated by current licensees or by using dual-mode handsets that can be used on existing cellular systems. The Company has entered into roaming agreements which allow its PCS customers to roam on cellular systems. The Company has been advised by the manufacturers of dual-mode handsets that such handsets will be commercially available in significant quantities in the first half of 1998 and it has entered into agreements with suppliers to acquire dual-mode handsets when available.

Marketing, Sales and Customer Service

The Company's sales and marketing strategy is to generate continued net subscriber growth and increased subscriber revenues. In addition, the Company targets a customer base which it believes is likely to generate higher monthly service revenues, while attempting to achieve a low cost of adding new subscribers. The Company markets its services under nationally recognized and proprietary brand names, and sells its products and services through a combination of direct and indirect distribution channels.

Marketing

The Company markets its cellular products and services in all markets principally under the name CELLULAR ONE. CELLULAR ONE, the first national brand name in the cellular industry, is currently utilized by a national coalition of cellular licensees in the 50 states with a combined estimated population of over 191 million. The national advertising campaign conducted by the Cellular One Group enhances the Company's advertising exposure at a lesser cost than what could be achieved by the Company alone.

The Company markets its PCS products and services under its proprietary VoiceStream brand name. The Company's objective is to develop brand recognition of VoiceStream through substantial advertising and direct marketing in each of its PCS markets. In marketing its PCS services, the Company intends to emphasize the enhanced features, privacy and competitive pricing of such services. Initially, the Company intends to concentrate its PCS marketing efforts primarily on businesses and individuals "on-the-go," which would benefit from integrated mobile voice, messaging and wireless data transmission capabilities, and subscribers with substantial needs for wireless communications, who would benefit from enhanced features and services.

Sales

The Company sells its products and services through a combination of direct and indirect channels. The Company operates 234 local sales offices (which also serve as retail sales locations), including 149 under the CELLULAR ONE brand name, 14 under the CellularOne Express brand name and 71 under the VoiceStream brand name, and utilizes a direct sales force of over 1,150 persons based out of these offices, who are trained to educate new customers on the features of its products. Sales commissions generally are linked both to subscriber revenue and subscriber retention, as well as activation levels.

The Company believes that its local sales offices provide the physical presence in local markets necessary to position the Company as a quality local service provider, and give the Company greater control over both its costs and the sales process. The Company also utilizes indirect sales through an extensive network of national and local merchant and specialty retailers. The Company intends to continue to use a combination of direct and indirect sales channels, with the mix depending on the demographics of each particular market.

In addition, the Company acts as a retail distributor of handsets and maintains inventories of handsets. Although subscribers generally are responsible for purchasing or otherwise obtaining their own handsets, the Company has historically sold handsets below cost to respond to competition and in accordance with general industry practice.

Customer Service

Customer service is a significant element of the Company's operating philosophy. The Company is committed to attracting and retaining subscribers by providing consistently superior customer service. At its headquarters in Issaquah, Washington, the Company maintains a highly sophisticated monitoring and control system, a staff of customer service personnel and a well-trained technical staff to handle both routine and complex questions as they arise, 24 hours a day, 365 days a year.

The Company implements credit check procedures at the time of sale and continuously monitors customer churn (the rate of subscriber attrition). The Company believes that it helps manage its churn through an outreach program by its sales force and customer service personnel. This program not only enhances subscriber loyalty, but also increases add-on sales and customer referrals. The outreach program allows the sales staff to check customer satisfaction, as well as to offer additional calling features, such as voice mail, call waiting and call forwarding.

The Company opened a customer call center in Albuquerque, New Mexico, during the second half of 1997. This facility, along with the Company's customer call center in Issaquah, Washington, will support the Company's current cellular and PCS customers and will be able to support the Company's expected subscriber growth for the foreseeable future. As these customer call centers are in different regions of the country, they will also provide backup for one another in case of natural disaster, which will allow the Company to maintain continuous customer service.

Suppliers and Equipment Vendors

The Company does not manufacture any of the handsets or Cell Site equipment used in the Company's operations. The high degree of compatibility among different manufacturer's models of handsets and Cell Site equipment allows the Company to design, supply and operate its systems without being dependent upon any single source of such equipment. The handsets and Cell Site equipment used in the Company's operations are available for purchase from multiple sources, and the Company anticipates that such equipment will continue to be available in the foreseeable future. The Company currently purchases handsets primarily from Motorola, Inc., Ericsson Inc. and Nokia Telecommunications, Inc. The Company currently purchases Cell Site and switching equipment primarily from Northern Telecom, Inc., Lucent Technologies, Inc. and Nokia Telecommunications, Inc.

Competition

Competition for subscribers among wireless licensees is based principally upon the services and features offered, the technical quality of the wireless system, customer service, system coverage, capacity and price. Such competition may increase to the extent that licensees are transferred from smaller, stand-alone operators to larger, better capitalized and more experienced wireless communications operators who may be able to offer subscribers certain network advantages similar to those offered by the Company.

Under current FCC rules, there may be up to six PCS licenses in each geographic area in addition to the two existing cellular licenses. Also, the FCC has licensed Specialized Mobile Radio ("SMR") dispatch system operators to construct digital mobile communications systems on existing SMR frequencies, referred to as Enhanced Specialized Mobile Radio ("ESMR"). In many cities throughout the United States, including some of the markets in which the Company operates, the Company has one cellular competitor in each of its cellular markets including AirTouch Cellular Communications, Inc. ("AirTouch"), Next Communications, Inc., Cornerstone Cellular Inc., Kansas Cellular, Southern Bell Mobile Systems and United States Cellular Corporation ("US Cellular"), and there may be as many as six PCS licensees in each of its markets. Currently, the Company's principal competitors in its PCS business are PCS PlanoCo LP, Sprint Spectrum LP, and AT&T Wireless Services Inc. ("AT&T Wireless"), as well as the two existing cellular providers in its PCS markets, ESMR systems, including those operated by Next Communications, Inc., are competitive with the Company's cellular and PCS systems. The Company also competes with paging, dispatch and conventional mobile telephone companies, modems and landline telephone service providers in its cellular and PCS markets. Protected users of cellular systems may, however, find that communications needs satisfied by other current and developing technologies. One or two-way paging or beep services that feature voice messaging and data display as well as tone only services may be adequate for potential subscribers who do not need to speak to the caller. In the future, cellular services may also compete more directly with traditional landline telephone service providers.

The Company's PCS business directly competes with existing cellular service providers in its PCS markets, many of which have been upgraded for a number of years and have significantly greater financial and technical resources than those available to the Company and who may upgrade their systems to provide comparable services in competition with the Company's PCS systems. These cellular competitors include AT&T Wireless, AirTouch and US Cellular.

The FCC requires all cellular and PCS licensees to provide service to "unwired." A number provides wireless service to customers but does not hold an FCC license or own facilities. Instead, the number buys blocks of wireless telephone numbers and capacity from a licensed carrier and resells services through its own distribution network to the public. Thus, a reseller is both a customer of a wireless licensee's services and also a competitor of that licensee. Several small resellers currently operate in competition with the Company's systems. With respect to PCS licensees, the mobile telephone service five years after the last group of initial licensees of currently unused PCS spectrum is awarded.

In the future, the Company expects to face increased competition from entities providing similar services using other communications technologies, including satellite-based telecommunications systems. While some of these technologies and services are currently operational, others are being developed or may be developed in the future.

The Company recognizes that technological advances and changing regulations have led to rapid evolution of the wireless telecommunications industry. At the end of 1996, the FCC, as required by the Omnibus Budget Reconciliation Act of 1993, transferred 200 MHz of spectrum previously allocated to Federal Government use to the private sector. In April of 1997, the FCC auctioned 30 MHz of spectrum for Wireless Communications Services, which can provide fixed or mobile telecommunications service. In late 1997, the FCC also auctioned 10 MHz of spectrum for Specialized Mobile Radio service, another potential competitor with PCS and cellular service. Moreover, in 1998, the FCC commenced the auction of more than 1000 MHz of spectrum for the Local Multipoint Distribution Service, in which the Company is participating. It also plans 1998 to auction in 25 MHz of spectrum for the General Wireless Communications Service, plus additional spectrum in the 220 MHz and 39 GHz bands. The Company cannot foresee how technological progress or economic incentive will affect competition from these new services. In all instances, the FCC reserves the right to amend or repeal its service regulations and auction schedule.

Governmental Regulation

The FCC regulates the licensing, construction, operation, acquisition and sale of cellular and PCS systems in the United States pursuant to the Communications Act of 1934 (the "Communications Act"), as amended from time to time, and the rules, regulations and policies promulgated by the FCC thereunder.

Licensing of Cellular Communications Systems

A cellular communications system operates under a protected geographic service area license granted by the FCC for a particular market on one of two frequency blocks allocated for cellular service. One license for each market was initially awarded to a company or group that was affiliated with a local landline telephone carrier in such market and is called the wireline or "B" band license and the other license is called the non-wireline or "A" band license. Following notice of completion of construction, a cellular operator obtains initial operating authority. Cellular authorizations are generally issued for a 10-year term beginning on the date of the initial notification of construction by a cellular carrier. Under FCC rules, the authorized service area of a cellular provider in each of its markets is referred to as the Cellular Geographic Service Area or CGSA. A cellular licensee has the exclusive right to serve the entire area that falls within the licensee's MSA or RSA for a period of five years after grant of the licensee's construction permit. At the end of the five-year period, however, the licensee's exclusive CGSA rights become limited to the area actually served by the licensee as of that time, as determined pursuant to a formula adopted by the FCC. After the five-year period any entity may apply to serve portions of the MSA or RSA not being served by the licensee. The five year exclusivity period has expired for most licensees and parties have filed unserved area applications, including some in the Company's markets.

Near the conclusion of the 10-year license term, licensees must file applications for renewal of licenses. The FCC has adopted specific standards to apply to cellular renewals, under which standard the FCC will award a renewal expectancy to a cellular licensee that (i) has provided substantial service during its past license term and (ii) has substantially complied with applicable FCC rules and policies and the Communications Act. Violations of the Communications Act or the FCC's rules could result in license revocations, forfeitures or fines. The Company has approximately 35 cellular licenses which will be subject to renewal in the next three years. While the Company believes that each of its cellular licenses will be renewed, there can be no assurance that all of the licenses will be renewed.

Cellular radio service providers must also satisfy a variety of FCC requirements relating to technical and reporting matters. One such requirement is the coordination of proposed frequency usage with adjacent cellular users, permittees and licensees in order to avoid electrical interference between adjacent systems. In addition, the height and power of base station transmitting facilities and the type of signals they emit must fall within specified parameters. The FCC has also provided guidelines respecting cellular service resale and roaming practices and the terms under which certain ancillary services may be provided through cellular facilities.

Cellular and PCS systems are subject to certain FAA regulations respecting the location, lighting and construction of transmitter towers and antennae and may be subject to regulation under the National Environmental Policy Act and the environmental regulations of the FCC. State or local zoning and land use regulations also apply to the Company's activities. The Company uses, among other facilities, common carrier point to point microwave facilities to connect Cell Sites and to link them to the main switching office. These facilities are separately licensed by the FCC and are subject to regulation as to technical parameters and service.

The Communications Act preempts state and local regulation of the entry of, or the rules charged by, any provider of commercial mobile radio service ("CMRS") or any private mobile radio service ("PMRS"), which CMRS includes cellular (an PCS) service.

Transfers and Assignments of Cellular Licenses

The Communications Act and FCC rules require the FCC's prior approval of the assignment or transfer of control of a construction permit or license for a cellular system (prima facie transfer of control does not require prior FCC approval). Subject to FCC approval, a license or permit may be transferred from a nonwireline entity to a wireline entity, or vice versa. Non-controlling interests in an entity that holds a cellular license or cellular system generally may be bought or sold without prior FCC approval. Any acquisition or sale by the Company of cellular interests may also require the prior approval of the Federal Trade Commission and the Department of Justice, if over a certain size, as well as any state or local regulatory authorities having competent jurisdiction.

In addition, the FCC's rules prohibit the alienation of any ownership interest in an RSA application, or an entity holding such an application, prior to the grant of a construction permit. For unserved cellular areas, no change of control may take place until after the FCC has granted both a construction permit and a license and the licensee has provided service to the public for at least one year. These restrictions affect the ability of prospective purchasers, including the Company, to enter into agreements for RSA and unserved area acquisitions prior to the lapse of the applicable transfer restriction periods. The restriction on sales of interests in RSA and unserved area applications and on agreements for such sales should not have a greater effect on the Company than on any other prospective buyer.

Licensing of PCS Systems

In order to increase competition in wireless communications, promote improved quality and service and make available the widest possible range of wireless services, federal legislation was enacted directing the FCC to allocate radio frequency spectrum for PCS by competitive bidding. A PCS system operates under a protected geographic service area license granted by the FCC for a particular market on one of six frequency blocks allocated for broadband PCS service. The FCC has divided the United States and its possessions into PCS markets made up of 493 BTAs and 51 MTAs. Each MTA consists of at least two BTAs. As many as six licensees will compete in each PCS service area. The FCC has allocated 120 MHz of radio spectrum in the 2 GHz band for licensed broadband PCS services. The FCC divided the 120 MHz of spectrum into six individual blocks, each of which is allocated to serve either MTAs or BTAs. The spectrum allocation includes two 30 MHz blocks (A and B Blocks) licensed for each of the 51 MTAs, one 30 MHz block (C Block) licensed for each of the 493 BTAs, and three 10 MHz blocks (D, E and F Blocks) licensed for each of the 493 BTAs. A PCS license will be awarded for each MTA or BTA in every block, for a total of more than 2,000 licenses. During 1997, the last of these auctions was completed; however, a reauction of certain C Block licenses is currently scheduled for the second half of 1998.

Under the FCC's current rules specifying spectrum aggregation limits affecting broadband PCS licenses, no entity may hold licenses for more than 45 MHz of PCS, cellular and SMR services regulated as CMRS where there is significant overlap in any geographic area (significant overlap will occur when at least ten percent of the population of the PCS licensed service area is within the CGSA(s) and/or SMR service area(s)).

The Company owns cellular licenses serving markets that are wholly or partially within the Denver MTA and the Oklahoma City MTA, resulting in the Company exceeding the FCC's current 45 MHz CMRS crossownership restriction described above. The Company has filed waiver requests with the FCC with respect to both MTAs, both of which are pending, and has been allowed to delay compliance with the ownership restriction until the FCC rules on the waiver requests. In the event that this restriction is not waived or the rule itself revised, the Company will be obligated to divest sufficient portions of its Denver and Oklahoma City PCS markets or its cellular holdings to come into compliance with the rules. The Company does not believe such restriction or any actions the Company is required to take to comply therewith will have a material adverse effect on the Company.

All PCS licenses will be granted for a ten year term, at the end of which they must be renewed. The FCC has adopted specific standards to apply to PCS renewals, under which the FCC will award a renewal expectancy to a PCS licensee that (i) has provided substantial service during its past license term and (ii) has substantially complied with applicable FCC rules and policies and the Communications Act. All 30 MHz PCS licensees, including the Company, must construct facilities that offer coverage to one-third of the population of their service area within five years of their initial license grants and to two-thirds of the population within ten years. Licensees that fail to meet the coverage requirements may be subject to forfeiture of the license.

FCC rules restrict the voluntary assignments or transfers of control of C and F Block licenses. During the first five years of the license term, assignments or transfers affecting control are permitted only to assignees or transferees that meet the eligibility criteria for participation in the entrepreneur block auction at the time the application for assignment or transfer of control is filed, or if the proposed assignee or transferee holds other licenses for C and F Blocks and, at the time of receipt of such licenses, met the same eligibility criteria. Any transfers or assignments during the entire ten year initial license term are subject to unjust enrichment penalties, i.e., forfeiture of any bidding credits and acceleration of any installment payment plans should the assignee or transferee not qualify for the same benefits. In the case of the C and F Blocks, the FCC will conduct random audits to ensure that licensees are in compliance with the FCC's eligibility rules. Violations of the Communications Act or the FCC's rules could result in license revocations, forfeitures or fines.

For a period of up to ten years after the grant of a PCS license (subject to extension), a PCS licensee will share spectrum with existing licensees that operate certain fixed microwave systems within its license area. To secure a sufficient amount of unencumbered spectrum to operate its PCS systems efficiently and with adequate population coverage, the Company will need to relocate many of these incumbent licensees. In an effort to balance the competing interests of existing microwave users and newly authorized PCS licensees, the FCC has adopted (i) a transition plan to relocate such microwave operations to other spectrum blocks and (ii) a cost sharing plan so that if the relocation of an incumbent benefits more than one PCS licensee, the benefiting PCS licensees will share the cost of the relocation. Initially, this transition plan allowed most microwave users to operate in the PCS spectrum for a two-year voluntary negotiation period and an additional one-year mandatory negotiation period. The FCC has shortened the voluntary negotiation period by one year (without lengthening the mandatory negotiation period) for PCS licensees in the C, D, E and F Blocks. For public safety entities dedicating a majority of their system communications for police, fire or emergency medical services operations, the voluntary negotiation period is three years, with an additional two year mandatory negotiation period. Parties unable to reach agreement within these time periods may refer the matter to the FCC for resolution, but the incumbent microwave user is permitted to continue its operations until final FCC resolution of the matter. The transition and cost sharing plans expire on April 4, 2005, at which time remaining incumbents in the PCS spectrum will be responsible for their costs to relocate to alternate spectrum locations.

Transfers and Assignments of PCS Licenses

The Communications Act and FCC rules require the FCC's prior approval of the assignment or transfer of control of a license for a PCS system (proforma transfer of control does not require prior FCC approval). In addition, the FCC has established transfer disclosure requirements that require licensees who transfer control of or assign a PCS license within the first three years of their license term to file associated contracts for sale, option agreements, management agreements or other documents disclosing the total consideration that the licensee would receive in return for the transfer or assignment of its license. Non-controlling interests in an entity that holds a PCS license or PCS system generally may be bought or sold without FCC approval. Any acquisition or sale by the Company of PCS interests may also require the prior approval of the Federal Trade Commission and the Department of Justice, if over a certain size, as well as state or local regulatory authorities having competent jurisdiction.

Foreign Ownership

Under the Communications Act, no more than 25% of an FCC licensee's capital stock may be indirectly owned or voted by non-U.S. citizens or their representatives, by a foreign government, or by a foreign corporation, absent a FCC finding that a higher level of foreign ownership is not inconsistent with the public interest. In November 1997, the FCC adopted new rules, effective in February 1998, in anticipation of implementation of the World Trade Organization Basic Telecom Agreement ("WTO Agreement"). Formerly, potential licensees had to demonstrate that their markets offered effective competitive opportunities in order to obtain authorization to exceed the 25% indirect foreign ownership threshold. Under the new rules, this showing now only applies to non-WTO members. Applicants from WTO Agreement signatories have an "open entry" standard: they are presumed to offer effective competitive opportunities. However, the FCC reserves the right to attach additional conditions to a grant of authority, and, in the exceptional case in which an application poses a very high risk to competition, to deny the application. The limitation on direct foreign ownership in an FCC licensee remains fixed at 20%, with no opportunity to increase the percentage, and is unaffected by the FCC's new rules.

The WTO Agreement also obligates signatories to open their domestic telecommunications markets to foreign investment and foreign corporations. The WTO Agreement will increase investment and competition in the United States, potentially leading to lower prices, enhanced innovation and better service. At the same time, market access commitments from WTO Agreement signatories will provide U.S. service suppliers opportunities to expand abroad.

Telecommunications Act of 1996 and Other Recent Industry Developments

On February 8, 1996, the Telecommunications Act of 1996 (the "Telecommunications Act") was signed into law, substantially revising the regulation of communications. The goal of the Telecommunications Act is to enhance competition and remove barriers to market entry, while deregulating the communications industry to the greatest extent possible. To this end, local and long-distance communications providers will, for the first time, be able to compete in the other's market, and telephone and cable companies will likewise be able to compete in each other's markets. To facilitate the entry of new carriers into existing markets, the Telecommunications Act imposes certain interconnection requirements on incumbent carriers. Additionally, all telecommunications providers are required to make an equitable and nondiscriminatory contribution to the preservation and advancement of universal service. The Company cannot predict the outcome of the FCC's rulemaking proceedings to promulgate regulations to implement the new law or the effect of the new regulations on cellular service or PCS, and there can be no assurance that such regulations will not adversely affect the Company's business or financial condition.

At present, cellular providers, other than the regional Bell operating companies, have the option of using only one designated long distance carrier. The Telecommunications Act codifies the policy that CMRS providers will not be required to provide equal access to long distance carriers. The FCC, however, may require CMRS carriers to offer unblocked access (i.e., implemented by the subscriber's use of a carrier identification code or other mechanisms at the time of placing a call) to the long distance provider of a subscriber's choice. The FCC has terminated its inquiry into the imposition of equal access requirements on CMRS providers.

On July 26, 1996, the FCC released a Report and Order establishing timetables for making emergency 911 services available by cellular, PCS and other mobile service providers, including "enhanced 911" services that provide the caller's telephone number, location and other useful information. Cellular and PCS providers must be able to process and transmit 911 calls (without call validation), including those from callers with speech or hearing disabilities. If a cost recovery mechanism is in place and a Public Service Answering Point ("PSAP") requests and is capable of processing the caller's telephone number and location information, cellular, PCS, and other mobile service provider must relay a caller's automatic number identification and Cell Site location, and by 2001 they must be able to identify the location of a 911 caller within 125 meters in 67% of all cases. State actions incompatible with the FCC rules are subject to preemption. On December 1, 1997, the FCC required wireless carriers to transmit all 911 calls without regard to validation procedures intended to identify and intercept calls from non-subscribers.

On August 1, 1996, the FCC released a Report and Order expanding the flexibility of cellular, PCS and other CMRS providers to provide fixed as well as mobile services. Such fixed services include, but need not be limited to, "wireless local loop" services, e.g., to apartment and office buildings, and wireless backup to PBXs and local area networks, to be used in the event of interruptions due to weather or other emergencies. The FCC has not yet decided how such fixed services should be regulated, but it has proposed a presumption that they be regulated as CMRS services.

On August 8, 1996, the FCC released its order implementing the interconnection provisions of the Telecommunications Act. The FCC's decision is lengthy and complex and is subject to petitions for reconsideration and judicial review (as described below), and its precise impact is difficult to predict with certainty. However, the FCC's order concludes that CMRS providers are entitled to reciprocal compensation arrangements with local exchange carriers ("LECs") and prohibits LECs from charging CMRS providers for terminating LEC-originated traffic. Under the rules adopted by the FCC, states must set arbitrated rates for interconnection and access to unbundled elements based upon the LECs' long-run incremental costs, plus a reasonable share of forward-looking joint and common costs. In lieu of such cost-based rates, the FCC has established proxy rates to be used by states to set interim interconnection rates pending the establishment of cost-based rates. The FCC has also permitted states to impose "bill and keep" arrangements, under which CMRS providers would make no payments for LEC termination of calls where LECs and CMRS providers have symmetrical termination costs and roughly balanced traffic flows. However, the FCC has found no evidence that these conditions presently exist. The relationship of these charges to the payment of access charges and universal service contributions has not yet been resolved by the FCC. LECs and state regulators filed appeals of the interconnection order, which have been consolidated in the US Court of Appeals for the Eighth Circuit. The Court has vacated many of the rules adopted by the FCC, including those rules governing the pricing of interconnection services, but specifically affirmed the FCC rules governing interconnection with CMRS providers. In January 1998, the U.S. Supreme Court agreed to review the Eighth Circuit decision.

In its implementation of the Telecommunications Act, the FCC recently established new federal universal service rules, under which wireless service providers for the first time are eligible to receive universal service subsidies, but also are required to contribute to both federal and state universal service funds. For the first quarter of 1998, the FCC's universal

service assessments amount to 0.72% of interstate and intrastate telecommunications revenues for schools, libraries and rural healthcare support mechanisms and an additional 3.19% of interstate telecommunications revenues for high cost and low income support mechanisms. Various parties have challenged the FCC's universal service rules, and the cases have been consolidated in the U.S. Court of Appeals for the Fifth Circuit. The Company cannot predict the outcome of this proceeding.

The FCC has adopted rules on telephone number portability which will enable subscribers to migrate their landline and cellular telephone numbers to a PCS carrier and from a PCS carrier to another service provider. Various parties have challenged the number portability requirements as they apply to CMRS providers. These challenges are still pending at the FCC and in the courts. The Company can not predict the outcome of such challenges.

Intellectual Property

CELLULAR ONE is a service mark registered with the United States Patent and Trademark Office. The service mark is owned by Cellular One Group, a Delaware general partnership comprised of Cellular One Marketing, Inc., a subsidiary of Southwestern Bell Mobile Systems, together with Cellular One Development, Inc., a subsidiary of AT&T and Vanguard Cellular Systems, Inc. The Company uses the CELLULAR ONE service mark to identify and promote its cellular telephone service pursuant to licensing agreements with Cellular One Group. The licensing agreements require the Company to provide high-quality cellular telephone service to its customers, and to maintain a certain minimum overall customer satisfaction rating in surveys commissioned by Cellular One Group. The licensing agreements that the Company has entered into are for original five-year terms expiring on various dates. Assuming compliance by the Company with the provisions of the agreements, each of these agreements may be renewed at the Company's option for three additional five-year terms.

Western Wireless and VoiceStream are service marks owned by the Company and registered with the United States Patent and Trademark Office. "Tele-Waves," a service mark owned by one of the Company's subsidiaries, is registered with the United States Patent and Trademark Office and is the service mark under which the Company provides its paging services.

Employees and Labor Relations

The Company considers its labor relations to be good and, to the Company's knowledge, none of its employees is covered by a collective bargaining agreement. As of December 31, 1997, the Company employed a total of approximately 3,210 people in the following areas:

<u>Category</u>	<u>Number of Employees</u>
Sales and marketing	1,870
Engineering	390
General and administration, including customer service	1,150

Item 2. PROPERTIES

In addition to the direct and attributable interests in cellular, PCS and paging licenses and other similar assets discussed previously, the Company leases its principal executive offices located primarily in Issaquah and Bellevue, Washington. The Company and its subsidiaries and affiliates also lease and own locations for inventory storage, microwave, Cell Site and switching equipment and local sales and administrative offices. The Company is currently seeking additional space in or near Issaquah to support the growth of its principal executive offices.

The Company leases a distribution center in Denver, which stores and distributes handset inventory for all of the Company's cellular and PCS operations. The facility has adequate space to support the growth of the Company's distribution network which will grow with the expansion of the Company's PCS markets.

The Company leases from the City of Albuquerque a customer call center in Albuquerque, New Mexico. This facility is approximately 65,000 square feet and, along with the Company's current customer call center in Issaquah, Washington, is expected to support the Company's anticipated subscriber growth for the foreseeable future.

Item 3. LEGAL PROCEEDINGS

A subsidiary of the Company received a Civil Investigative Demand (the "Demand") from the U.S. Department of Justice Antitrust Division (the "Antitrust Division") requiring the Company to produce certain documents and answer certain interrogatories in connection with the Antitrust Division's investigation of possible bid rigging and market allocation for licenses auctioned by the FCC for broadband PCS frequency blocks. The Company has cooperated with the Antitrust Division's requests. On March 16, 1998, the same subsidiary of the Company received a Notice of Apparent Liability for Forfeiture ("NALF") from the FCC in the amount of \$1.2 million. This NALF was issued by the FCC in connection with its investigation of compliance by auction participants with FCC PCS auction rules. The Company has thoroughly cooperated with the FCC investigation and will continue to do so. The Company believes its conduct was consistent with FCC rules and regulations pertaining to the auction. The Company will promptly file its opposition to the NALF and believes the Company will prevail. The amount of the NALF, if upheld, is not material to the financial position of the Company.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Executive Officers of the Registrant

The names, ages and positions of the executive officers and key personnel of the Company are listed below along with their business experience during the past five years. The business address of all officers of the Company is 2001 NW Sunnami Road, Issaquah, Washington 98027. All of these individuals are citizens of the United States. Executive officers of the Company are appointed by the Board of Directors. No family relationships exist among any of the executive officers of the Company, except for Mr. Stanton and Mr. Gillespie, who are married to each other.

Name	Age	Position
John W. Stanton	42	Chairman, Director and Chief Executive Officer
Donald Guthrie	42	Vice Chairman and Chief Financial Officer
Robert A. Stapleton	39	President
Michael J. Thomsen	41	Chief Operating Officer
Theresa E. Gillespie	45	Senior Vice President
Alan R. Bender	43	Senior Vice President, General Counsel, and Secretary
Craig B. Baumgaugh	41	Senior Vice President - Corporate Development
Timothy R. Wong	42	Vice President - Engineering
Robert P. Dobson	37	Vice President - Marketing
Bradley J. Horvitz	42	Vice President - International
Patricia L. Miller	35	Controller and Principal Accounting Officer

John W. Stanton has been a director, Chairman of the Board and Chief Executive Officer of the Company since its formation in July 1994. Mr. Stanton has been Chief Executive Officer of GCC since March 1992, and was Chairman of the Board of GCC from March 1992 to December 1995. Mr. Stanton has served as Chairman of the Board and Chief Executive Officer of PN Cellular, Inc. ("PN Cellular"), the former General Partner of MCLP since its formation in October 1992. Mr. Stanton served as a director of McCaw Cellular Communications, Inc. ("McCaw") from 1989 to 1994, and as a director of LIN Broadcasting Corporation ("LIN Broadcasting") from 1990 to 1994, during which time it was a publicly traded company. From 1983 to 1991, Mr. Stanton served in various capacities with McCaw, serving as Vice-Chairman of the Board of McCaw from 1988 to September 1991 and as Chief Operating Officer of McCaw from 1985 to 1988. Mr. Stanton is also a member of the Board of Directors of Advanced Digital Information Corporation, Columbia Sportswear, Inc. and SmartOne (Hong Kong). In addition, Mr. Stanton is a trustee of Whitman College, a private college. Mr. Stanton is currently Second Vice Chairman of the Cellular Telephone Industry Association (CTIA).

Donald Guthrie has been Vice Chairman of the Company since November 1995 and Chief Financial Officer of the Company since February 1997. From 1986 to October 1995 he served as Senior Vice President and Treasurer of McCaw and, from 1990 to October 1995 he served as Senior Vice President—Finance of LIN Broadcasting.

Robert A. Stapleton has been President of the Company since its formation in July 1994. Effective April 1998, Mr. Stapleton will be responsible for all PCS operations of the Company. Mr. Stapleton was President of GCC from November 1992 until the formation of the Company. From August 1989 to November 1992, he served in various positions with GCC, including Chief Operating Officer and Vice President of Operations. From 1984 to 1989, Mr. Stapleton was employed by mobile communications subsidiaries of Pacific Telelink, Inc., which now are affiliated with AirTouch Communications.

Michael J. Thomsen has been Chief Operating Officer of the Company since its formation in July 1994. Effective April 1998, Mr. Thomsen will be responsible for all cellular operations of the Company. Mr. Thomsen was a director and Chief Operating Officer of MCLP and its predecessor from its inception in 1991 until the Company's formation in July 1994. From 1983 to 1991, Mr. Thomsen held various positions at McCaw, serving as General Manager of its International Division from 1980 to 1991 and as General Manager of its West Florida Region from 1987 to 1990.

Theresa E. Gillespie has been Senior Vice President of the Company since February 1997. Prior to that, Ms. Gillespie was Chief Financial Officer of the Company since its formation in July 1994. Ms. Gillespie was Chief Financial Officer of MCLP and its predecessor since its inception in 1991 until the Company's formation in July 1994. Ms. Gillespie has been Chief Financial Officer of certain entities controlled by Mr. Stanton and Ms. Gillespie since 1988. From 1986 to 1987, Ms. Gillespie was Senior Vice President and Controller of McCaw. From 1975 to 1986 she was employed by a national public accounting firm.

Alan R. Bender has been Senior Vice President, General Counsel, and Secretary of the Company since its formation in July 1994. Mr. Bender joined GCC in April 1990, as Senior Counsel, and was named Secretary in June 1990, General Counsel in August 1990 and Vice President in March 1992. From 1988 to 1990, Mr. Bender was Vice President and Senior Counsel of a subsidiary of PacificCorp Inc.

Cregg B. Baumbaugh has been Senior Vice President—Corporate Development of the Company since its formation in July 1994. From November 1989 through the present, he has served in various positions with GCC, including Vice President—Business Development. From 1986 to 1989, Mr. Baumbaugh was employed by The First Boston Corporation.

Timothy R. Wong has been Vice President—Engineering of the Company since January 1996. From 1990 to 1995, Mr. Wong held various positions at U S WEST Cellular, serving as Executive Director—Engineering and Operations from 1994 to 1995, Director of Wireless Systems Engineering in 1993, Manager of International Wireless Engineering in 1992, and Manager—Systems Design from 1990 to 1991.

Robert P. Dotson has been Vice President—Marketing of the Company since May 1996. Previously, Mr. Dotson held various marketing positions with PepsiCo's KFC restaurant group, serving as Senior Director of Concept Development from 1994 to 1996, Director of International Marketing from 1993 to 1994, Divisional Marketing Director from 1991 to 1993 and Manager of New Product Development and Base Business Marketing from 1989 through 1991.

Bradley J. Horwitz has been Vice President—International of the Company and President of Western Wireless International Corporation, a subsidiary of the Company, since November 1995. From 1983 to 1995, Mr. Horwitz held various positions at McCaw, serving as Vice President—International Operations from 1992 to 1995, Director—Business Development from 1990 to 1992 and Director of Paging Operations from 1986 to 1990. Mr. Horwitz is currently a member of the Board of Directors of SmartOne (Hong Kong).

Patricia L. Miller has been Controller and Principal Accounting Officer of the Company since January 1998. From 1993 to 1997, Ms. Miller held various accounting positions with the Company. Prior to 1993, Ms. Miller held various accounting positions with a subsidiary of Weyerhaeuser Company.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to the Company's 1997 Annual Report to Stockholders. As of March 2, 1998, there were approximately 251 and 113 shareholders of record of the Company's Class A and Class B Common Stock, respectively.

The table below sets forth the sales of unregistered equity securities made by the registrant in 1997:

<u>Title and Amount of Security</u>	<u>Date of Sale</u>	<u>Exemption</u>
1,600,000 shares of Class A Common Stock	October 1997	Reg D (1)

- (1) Issued to Stockholders of Triad Investment Minnesota, Inc. ("TIM") in consideration of all of the issued and outstanding stock of TIM.

Item 6. SELECTED FINANCIAL DATA

The information required by this item is incorporated by reference to the information included under the caption "Selected Financial Data" in the Company's 1997 Annual Report to Stockholders.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this item is incorporated by reference to the information included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 1997 Annual Report to Stockholders.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated by reference to the information included under the captions "Consolidated Statements of Operations", "Consolidated Balance Sheets", "Consolidated Statements of Cash Flows", "Consolidated Statements of Stockholders' Equity", "Notes to Consolidated Financial Statement" and "Report of Independent Auditors" in the Company's 1997 Annual Report to Stockholders.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information on directors of the registrant called for by this Item is incorporated by reference to the section entitled "Election of Directors and Management Information" in the Company's Proxy Statement for its 1998 annual shareholders meeting to be filed with the United States Securities and Exchange Commission. The information on executive officers of the registrant called for by this Item is included herein in the section entitled "Executive Officers of the Registrant."

Item 11. EXECUTIVE COMPENSATION

The information called for by this Item is incorporated by reference to the section entitled "Executive Compensation" in the Company's Proxy Statement for its 1998 annual shareholders meeting to be filed with the United States Securities and Exchange Commission.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information called for by this Item is incorporated by reference to the section entitled "Security Ownership of Certain Beneficial Owners and Management" in the Company's Proxy Statement for its 1998 annual shareholders meeting to be filed with the United States Securities and Exchange Commission.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information called for by this Item is incorporated by reference to the section entitled "Certain Relationships and Related Transactions" in the Company's Proxy Statement for its 1998 annual shareholders meeting to be filed with the United States Securities and Exchange Commission.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K

(A) Financial Statements and Schedule

The financial statements and schedules are incorporated herein by reference to the Company's 1997 Annual Report to Stockholders.

The Company's 1997 Annual Report to Stockholders is not deemed filed as part of this report except for those parts specifically incorporated herein by reference.

(B) Reports on Form 8-K

A Form 8-K was filed on October 14, 1997, reporting a proposed investment by Hutchison Telecommunications Limited ("HTL") in the Company and by a subsidiary of HTL, Hutchison Telecommunications PCS (USA) Limited, in Western PCS Corporation.

A Form 8-K was filed on December 8, 1997, reporting the close of the initial investment by HTL in the Company.

(C) Exhibits

Exhibit	Description
3.1 ⁽¹⁾	Amended and Restated Articles of Incorporation of the Registrant
3.2 ⁽¹⁾	Bylaws of the Registrant
4.1 ⁽²⁾	Indenture between Western Wireless Corporation and Harris Trust Company of California, dated May 22, 1996
4.2 ⁽²⁾	Indenture between Western Wireless Corporation and Harris Trust Company of California, dated October 24, 1996
4.3 ⁽²⁾	Form of Supplemental Indenture to be entered into between Western Wireless Corporation and Harris Trust Company of California, relating to the 10 1/2% Senior Subordinated Notes Due 2007
4.4 ⁽²⁾	Form of Supplemental Indenture to be entered into between Western Wireless Corporation and Harris Trust Company of California, relating to the 10 1/2% Senior Subordinated Notes Due 2006
10.1 ⁽¹⁾	Loan Agreement between Western PCS II Corporation and Northern Telecom Inc., dated June 30, 1995
10.2 ⁽¹⁾	PCS 1900 Project and Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated June 30, 1995
10.3 ⁽¹⁾	Purchase Agreement between Motorola Nortel Communications Co. and General Cellular Corporation, dated July 29, 1993
10.4 ⁽¹⁾	Loan Agreement among Western Wireless Corporation and The Toronto-Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the Various Lenders, dated June 30, 1995
10.5 ⁽¹⁾	First Amendment to Loan Agreement by and among Western Wireless Corporation, The Toronto-Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the Various Lenders, dated January 11, 1996
10.6 ⁽¹⁾	Supply Contract by and between Western PCS Corporation and Nokia Telecommunications Inc., dated December 14, 1995
10.7 ⁽¹⁾	Purchase and Sale Agreement, Nokia Mobile Phones, Inc. and Western Wireless Corporation, dated November 10, 1995

Exhibit	Description
10.8 ⁽¹⁾	Western Wireless Corporation, 1994 Management Incentive Stock Option Plan, approved, as adopted and amended, by Shareholders November 16, 1995 together with form of Stock Option Agreement for offers thereunder
10.9 ⁽¹⁾	Stockholders Agreement by and among Western Wireless Corporation and certain of its shareholders, dated July 29, 1994
10.10 ⁽¹⁾	First Amendment to Stockholders Agreement by and among Western Wireless Corporation and certain of its shareholders, Adding as a Party Western PCS Corporation, dated November 30, 1994
10.11 ⁽¹⁾	Waiver Agreement by and among Western Wireless Corporation, Western PCS Corporation and certain of Western Wireless Corporation's shareholders, dated November 30, 1994
10.12 ⁽¹⁾	Waiver Agreement by and among Western Wireless Corporation, Western PCS Corporation and certain of Western Wireless Corporation's shareholders, dated February 15, 1996
10.13 ⁽¹⁾	Voting Agreement by and among Western Wireless Corporation and certain of its shareholders, dated July 29, 1994
10.14 ⁽¹⁾	Voting Agreement by and among Western Wireless Corporation and certain of its shareholders
10.15 ⁽¹⁾	Lease Agreement by and between WWC Holding Co., Inc., successor in interest to MARKETS Cellular Limited Partnership, and WRC Properties, Inc., dated May 1, 1994
10.16 ⁽¹⁾	Lease Agreement by and between Western Wireless Corporation and Department of Natural Resources, dated August 25, 1995
10.17 ⁽¹⁾	First Amendment to Lease Agreement by and between Western Wireless Corporation and Department of Natural Resources, dated February 28, 1996
10.18 ⁽¹⁾	Form of Cellular One Group License Agreement
10.19 ⁽¹⁾	Asset Purchase Agreement between Western PCS III License Corporation as Buyer and GTE Moblinet Incorporated as Seller, dated January 16, 1996
10.20 ⁽¹⁾	Purchase and Sale Agreement by and between Robert O. Tyler, Esq., as Trustee, Seller, and GCC License Corporation, Purchaser, dated December 22, 1995
10.21 ⁽¹⁾	Agreement for Purchase and Sale of Autoplex Cellular Equipment, Software and Services by and among American Telephone and Telegraph Company, WWC Holding Co., Inc., successor to MARKETS Cellular Limited Partnership and MCII General Partnership, dated March 17, 1993
10.22 ⁽¹⁾	Agreement and Plan of Reorganization by and among Palouse Paging, Inc., the Shareholders of 100% of the Stock of Palouse Paging, Inc., Western Paging I Corporation and Western Wireless Corporation, dated February 5, 1996
10.23 ⁽¹⁾	First Amendment to Agreement and Plan of Reorganization by and among Western Paging I Corporation, the former Shareholders of 100% of the Stock of Palouse Paging, Inc. and Western Wireless Corporation
10.24 ⁽¹⁾	Agreement and Plan of Reorganization by and among Sawtooth Paging, Inc., the Shareholders of 52.93% of the Stock of Sawtooth Paging, Inc., Western Paging II Corporation and Western Wireless Corporation, dated February 5, 1996
10.25 ⁽¹⁾	Employment Agreement by and between John W. Stanton and Western Wireless Corporation, dated March 12, 1996
10.26 ⁽¹⁾	Employment Agreement by and between Robert A. Stapleton and Western Wireless Corporation, dated March 12, 1996
10.27 ⁽¹⁾	Employment Agreement by and between Mikal J. Thomsen and Western Wireless Corporation, dated March 12, 1996
10.28 ⁽¹⁾	Employment Agreement by and between Theresa E. Gillespie and Western Wireless Corporation, dated March 12, 1996

Exhibit	Description
10.29 ⁽¹⁾	Employment Agreement by and between Alan R. Bender and Western Wireless Corporation, dated March 12, 1996
10.30 ⁽¹⁾	Employment Agreement by and between Gregg B. Baumbaugh and Western Wireless Corporation, dated March 12, 1996
10.31 ⁽¹⁾	Employment Agreement by and between Donald Guthrie and Western Wireless Corporation, dated March 12, 1996
10.32 ⁽¹⁾	Form of Registrant's Restrictive Covenant and Confidentiality Agreement
10.33 ⁽¹⁾	Form of Director and Officer Indemnification Agreement
10.34 ⁽¹⁾	Western PCS Corporation Series A Preferred Stock Purchase Agreement among Western Wireless Corporation, Western PCS Corporation and the Purchasers listed therein, dated April 10, 1995
10.35 ⁽¹⁾	PCS Block "C" Organization and Financing Agreement by and among Western PCSBTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation and Providence Media Partners L.P. dated as of November 5, 1995
10.36 ⁽¹⁾	Limited Partnership Agreement by and between Cook Inlet PV/SS PCS Partners, L.P. and Western PCS BTA I Corporation dated as of November 5, 1995
10.37 ⁽¹⁾	First Amendment to Block "C" Organization and Financing Agreement and Cook Inlet Western Wireless PV/SS PCS, L.P. Limited Partnership Agreement by and among Western PCS BTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation and Providence Media Partners L.P. dated as of April 8, 1996
10.38 ⁽¹⁾	Amended and Restated Loan Agreement among Western Wireless Corporation and The Toronto-Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the Various Lenders, dated May 6, 1996
10.39 ⁽²⁾	Second Amendment to Block "C" Organization and Financing Agreement and Cook Inlet Western Wireless PV/SS PCS, L.P. Limited Partnership Agreement by and among Western PCS BTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation and Providence Media Partners L.P. dated as of June 27, 1996
10.40 ⁽²⁾	Third Amendment to Block "C" Organization and Financing Agreement and Cook Inlet Western Wireless PV/SS PCS, L.P. Limited Partnership Agreement and First Amendment to Technical Services Agreement by and among Western PCS BTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation, Providence Media Partners L.P. and Cook Inlet Western Wireless PV/SS PCS, L.P., dated July 30, 1996
10.41 ⁽²⁾	General Agreement for Purchase of Cellular Systems between Lucent Technologies Inc. and Western Wireless Corporation, dated September 16, 1996
10.42 ⁽²⁾	Amendment No. 1 to PCS 1900 Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated July 25, 1996
10.43 ⁽²⁾	Amendment No. 2 to PCS 1900 Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated July 25, 1996
10.44 ⁽²⁾	Amendment No. 3 to PCS Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated October 14, 1996
10.45 ⁽⁴⁾	Western Wireless Corporation 1996 Employee Stock Purchase Plan
10.46 ⁽²⁾	Western Wireless Corporation 1997 Executive Restricted Stock Plan
10.47 ⁽²⁾	Form of First Amendment to Amended and Restated Loan Agreement among Western Wireless Corporation and The Toronto Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the various lenders, dated March 27, 1997
10.48 ⁽²⁾	Purchase Agreement, dated April 24, 1997, by and among Western Wireless Corporation, Triad Texas, L.P., Triad Utah, L.P., Triad Oklahoma, L.P., Triad Cellular Corporation and Triad Cellular L.P.

Exhibit	Description
10.49 ^(a)	Purchase Agreement, dated April 24, 1997, by and between Western Wireless Corporation and Triad Cellular Corporation.
10.50 ^(a)	Agreement and Plan of Merger, dated April 24, 1997, by and among Western Wireless Corporation, Minnesota Cellular Corporation, Triad Investment Minnesota, Inc., Barry B. Lewis, Craig W. Viehweg, Terry E. Purvis, Triad Cellular Corporation, Triad Cellular L.P., and Triad Minnesota, L.P.
10.51 ^(a)	Purchase Agreement, dated April 24, 1997, by and between Western Wireless Corporation and Triad Cellular, L.P.
10.52 ^(a)	First Amendment to Loan Agreement, dated as of March 8, 1997, among Western PCS II Corporation, Northern Telecom Inc., NTFC Capital Corporation and Export Development Corporation
10.53 ^(a)	Second Amendment to Loan Agreement, dated as of April 15, 1997, among Western PCS II Corporation, Northern Telecom Inc., NTFC Capital Corporation and Export Development Corporation
10.54 ^(a)	Second Amendment to Amended and Restated Loan Agreement by and among Western Wireless Corporation, various financial institutions, and The Toronto-Dominion Bank, Barclays Bank PLC and Morgan Guaranty Trust Company of New York as Managing Agents dated May 28, 1997.
10.55 ^(a)	Stock Subscription Agreement by and among Western Wireless Corporation, Hutchison Telecommunications Limited and Hutchison Telecommunications Holdings (USA) Limited dated October 14, 1997.
10.56 ^(a)	Purchase Agreement by and among Western PCS Corporation, Western Wireless Corporation, Hutchison Telecommunications Limited and Hutchison Telecommunications PCS (USA) Limited dated October 14, 1997.
10.57 ^(a)	Form of Cash Management Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.58 ^(a)	Form of Roaming Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.59 ^(a)	Form of Services Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.60 ^(a)	Form of Shareholders Agreement by and among Western Wireless Corporation, Hutchison Telecommunications PCS (USA) Limited and Western PCS Corporation.
10.61 ^(a)	Form of Tax Sharing Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.62 ^(a)	Agreement to Form Limited Partnership dated September 30, 1997, by and among Western PCS I Iowa Corporation, a Delaware corporation, INS Wireless, Inc., an Iowa corporation, Western PCS I Corporation, a Delaware corporation, and Iowa Network Services, Inc., an Iowa corporation.
10.63 ^(a)	Iowa Wireless Services, L.P. Limited Partnership Agreement dated as of September 30, 1997, by and between INS Wireless, Inc., as General Partner, and Western PCS I Iowa Corporation, as Limited Partner.
10.64 ^(a)	Software License Maintenance and Subscriber Billing Services Agreement dated June 1997.
10.65 ^(a)	First Amendment to Software License, Maintenance and Subscriber Billing Services Agreement dated December 1997, between CSC Intelcom, Inc., and Western Wireless Corporation.
10.66 ^(a)	Letter agreement dated December 16, 1997 between Western Wireless Corporation and Intelcom Services Inc. to provide products and services pursuant to the Software License Maintenance and Subscriber Billing Services Agreements and First Amendment thereto.
13.1	Market for Registrant's Common Equity and Related Stockholder Matters.
13.2	Selected Financial Data
13.3	Management's Discussion and Analysis of Financial condition and Results of Operations
13.4	Financial Statements and Supplementary Data
21.1 ^(a)	Subsidiaries of the Registrant
23.1	Consent of Arthur Andersen LLP

Exhibit

Description

27.1

Financial Data Schedule

98.1st

Report on Form 8-K dated June 18, 1997

- (1) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-1 (Securities and Exchange Commission (the "Commission") File No. 333-2432).
- (2) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-1 (Commission File No. 333-2658).
- (3) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-4 (Commission File No. 333-14858).
- (4) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-8 (Commission File No. 333-18137).
- (5) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-1 (Commission File No. 333-14858).
- (6) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-3 (Commission File No. 333-14858).
- (7) Incorporated herein by reference to the exhibit filed with the Company's Form 10-K for the year ended 12/31/96.
- (8) Incorporated herein by reference to the exhibit filed with the Company's Form 10-Q for the quarter ended 3/31/97.
- (9) Incorporated herein by reference to the exhibit filed with the Company's Form 10-Q for the quarter ended 6/30/97.
- (10) Incorporated herein by reference to the exhibit filed with the Company's Form 10-Q for the quarter ended 9/30/97.
- (11) Portions of this exhibit have been omitted and filed separately with the Secretary of the Commission pursuant to the Registrant's Application Requesting Confidential Treatment under Rule 246-2 of the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 27, 1998

WESTERN WIRELESS CORPORATION

By /s/
John W. Stanton
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	
<u>/s/</u> John W. Stanton	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	Date: <u>March 27, 1998</u>
<u>/s/</u> Donald Guthrie	Vice Chairman and Chief Financial Officer (Principal Financial Officer)	Date: <u>March 27, 1998</u>
<u>/s/</u> Patricia L. Miller	Controller (Principal Accounting Officer)	Date: <u>March 27, 1998</u>
<u>/s/</u> John L. Bunce, Jr.	Director	Date: <u>March 27, 1998</u>
<u>/s/</u> Mitchell R. Cohen	Director	Date: <u>March 27, 1998</u>
<u>/s/</u> Daniel J. Evans	Director	Date: <u>March 27, 1998</u>
<u>/s/</u> Jonathan M. Nelson	Director	Date: <u>March 27, 1998</u>
<u>/s/</u> Terence O'Toole	Director	Date: <u>March 27, 1998</u>

EXHIBIT INDEX

Exhibit	Description
3.1 ^(a)	Amended and Restated Articles of Incorporation of the Registrant
3.2 ^(a)	Bylaws of the Registrant
4.1 ^(a)	Indenture between Western Wireless Corporation and Harris Trust Company of California, dated May 22, 1996
4.2 ^(a)	Indenture between Western Wireless Corporation and Harris Trust Company of California, dated October 24, 1996
4.3 ^(a)	Form of Supplemental Indenture to be entered into between Western Wireless Corporation and Harris Trust Company of California, relating to the 10 1/2% Senior Subordinated Notes Due 2007
4.4 ^(a)	Form of Supplemental Indenture to be entered into between Western Wireless Corporation and Harris Trust Company of California, relating to the 10 1/2% Senior Subordinated Notes Due 2006
10.1 ^(a)	Loan Agreement between Western PCS II Corporation and Northern Telecom Inc., dated June 30, 1995
10.2 ^(a)	PCS 1900 Project and Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated June 30, 1995
10.3 ^(a)	Purchase Agreement between Motorola Nortel Communications Co. and General Cellular Corporation, dated July 29, 1993
10.4 ^(a)	Loan Agreement among Western Wireless Corporation and The Toronto-Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the Various Lenders, dated June 30, 1995
10.5 ^(a)	First Amendment to Loan Agreement by and among Western Wireless Corporation, The Toronto-Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the Various Lenders, dated January 11, 1996
10.6 ^(a)	Supply Contract by and between Western PCS Corporation and Nokia Telecommunications Inc., dated December 14, 1995
10.7 ^(a)	Purchase and Sale Agreement, Nokia Mobile Phones, Inc. and Western Wireless Corporation, dated November 10, 1995
10.8 ^(a)	Western Wireless Corporation, 1994 Management Incentive Stock Option Plan, approved, as adopted and amended, by Shareholders November 16, 1995 together with form of Stock Option Agreement for offers thereunder
10.9 ^(a)	Stockholders Agreement by and among Western Wireless Corporation and certain of its shareholders, dated July 29, 1994
10.10 ^(a)	First Amendment to Stockholders Agreement by and among Western Wireless Corporation and certain of its shareholders, Adding as a Party Western PCS Corporation, dated November 30, 1994
10.11 ^(a)	Waiver Agreement by and among Western Wireless Corporation, Western PCS Corporation and certain of Western Wireless Corporation's shareholders, dated November 30, 1994
10.12 ^(a)	Waiver Agreement by and among Western Wireless Corporation, Western PCS Corporation and certain of Western Wireless Corporation's shareholders, dated February 15, 1996
10.13 ^(a)	Voting Agreement by and among Western Wireless Corporation and certain of its shareholders, dated July 29, 1994
10.14 ^(a)	Voting Agreement by and among Western Wireless Corporation and certain of its shareholders
10.15 ^(a)	Lease Agreement by and between WWC Holding Co., Inc., successor in interest to MARKETS Cellular Limited Partnership, and WRC Properties, Inc., dated May 1, 1994
10.16 ^(a)	Lease Agreement by and between Western Wireless Corporation and Department of Natural Resources, dated August 25, 1995

Exhibit	Description
10.17 ⁽¹⁾	First Amendment to Lease Agreement by and between Western Wireless Corporation and Department of Natural Resources, dated February 28, 1996
10.18 ⁽¹⁾	Form of Cellular One Group License Agreement
10.19 ⁽¹⁾	Asset Purchase Agreement between Western PCS III License Corporation as Buyer and GTE Mobilonet Incorporated as Seller, dated January 16, 1996
10.20 ⁽¹⁾	Purchase and Sale Agreement by and between Robert O. Tyler, Esq., as Trustee, Seller, and GCC License Corporation, Purchaser, dated December 22, 1995
10.21 ⁽¹⁾	Agreement for Purchase and Sale of Autoplex Cellular Equipment, Software and Services by and among American Telephone and Telegraph Company, WWC Holding Co., Inc., successor to MARKETS Cellular Limited Partnership and MCII General Partnership, dated March 17, 1993
10.22 ⁽¹⁾	Agreement and Plan of Reorganization by and among Palouse Paging, Inc., the Shareholders of 100% of the Stock of Palouse Paging, Inc., Western Paging I Corporation and Western Wireless Corporation, dated February 5, 1996
10.23 ⁽¹⁾	First Amendment to Agreement and Plan of Reorganization by and among Western Paging I Corporation, the former Shareholders of 100% of the Stock of Palouse Paging, Inc. and Western Wireless Corporation
10.24 ⁽¹⁾	Agreement and Plan of Reorganization by and among Sawtooth Paging, Inc., the Shareholders of 52.93% of the Stock of Sawtooth Paging, Inc., Western Paging II Corporation and Western Wireless Corporation, dated February 5, 1996
10.25 ⁽¹⁾	Employment Agreement by and between John W. Stanton and Western Wireless Corporation, dated March 12, 1996
10.26 ⁽¹⁾	Employment Agreement by and between Robert A. Stapleton and Western Wireless Corporation, dated March 12, 1996
10.27 ⁽¹⁾	Employment Agreement by and between Mikal J. Thomsen and Western Wireless Corporation, dated March 12, 1996
10.28 ⁽¹⁾	Employment Agreement by and between Theresa E. Gillespie and Western Wireless Corporation, dated March 12, 1996
10.29 ⁽¹⁾	Employment Agreement by and between Alan R. Bender and Western Wireless Corporation, dated March 12, 1996
10.30 ⁽¹⁾	Employment Agreement by and between Cregg B. Baumbaugh and Western Wireless Corporation, dated March 12, 1996
10.31 ⁽¹⁾	Employment Agreement by and between Donald Guthrie and Western Wireless Corporation, dated March 12, 1996
10.32 ⁽¹⁾	Form of Registrant's Restrictive Covenant and Confidentiality Agreement
10.33 ⁽¹⁾	Form of Director and Officer Indemnification Agreement
10.34 ⁽¹⁾	Western PCS Corporation Series A Preferred Stock Purchase Agreement among Western Wireless Corporation, Western PCS Corporation and the Purchasers listed therein, dated April 10, 1995
10.35 ⁽¹⁾	PCS Block "C" Organization and Financing Agreement by and among Western PCSBTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation and Providence Media Partners L.P. dated as of November 5, 1995
10.36 ⁽¹⁾	Limited Partnership Agreement by and between Cook Inlet PV/SS PCS Partners, L.P. and Western PCS BTA I Corporation dated as of November 5, 1995
10.37 ⁽¹⁾	First Amendment to Block "C" Organization and Financing Agreement and Cook Inlet Western Wireless PV/SS PCS, L.P. Limited Partnership Agreement by and among Western PCS BTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation and Providence Media Partners L.P. dated as of April 8, 1996

Exhibit	Description
10.38 ⁽¹⁾	Amended and Restated Loan Agreement among Western Wireless Corporation and The Toronto-Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the Various Lenders, dated May 6, 1996
10.39 ⁽²⁾	Second Amendment to Block "C" Organization and Financing Agreement and Cook Inlet Western Wireless PV/SS PCS, L.P. Limited Partnership Agreement by and among Western PCS BTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation and Providence Media Partners L.P. dated as of June 27, 1996
10.40 ⁽²⁾	Third Amendment to Block "C" Organization and Financing Agreement and Cook Inlet Western Wireless PV/SS PCS, L.P. Limited Partnership Agreement and First Amendment to Technical Services Agreement by and among Western PCS BTA I Corporation, Western Wireless Corporation, Cook Inlet PV/SS PCS Partners, L.P., Cook Inlet Telecommunications, Inc., SSPCS Corporation, Providence Media Partners L.P. and Cook Inlet Western Wireless PV/SS PCS, L.P., dated July 30, 1996
10.41 ⁽²⁾	General Agreement for Purchase of Cellular Systems between Lucent Technologies Inc. and Western Wireless Corporation, dated September 16, 1996
10.42 ⁽²⁾	Amendment No. 1 to PCS 1900 Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated July 25, 1996
10.43 ⁽²⁾	Amendment No. 2 to PCS 1900 Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated July 25, 1996
10.44 ⁽²⁾	Amendment No. 3 to PCS Supply Agreement between Western PCS Corporation and Northern Telecom Inc., dated October 14, 1996
10.45 ⁽⁴⁾	Western Wireless Corporation 1996 Employee Stock Purchase Plan
10.46 ⁽²⁾	Western Wireless Corporation 1997 Executive Restricted Stock Plan
10.47 ⁽²⁾	Form of First Amendment to Amended and Restated Loan Agreement among Western Wireless Corporation and The Toronto Dominion Bank, Barclays Bank, PLC, and Morgan Guaranty Trust Company of New York, as Managing Agents for the various lenders, dated March 27, 1997
10.48 ⁽²⁾	Purchase Agreement, dated April 24, 1997, by and among Western Wireless Corporation, Triad Texas, L.P., Triad Utah, L.P., Triad Oklahoma, L.P., Triad Cellular Corporation and Triad Cellular L.P.
10.49 ⁽²⁾	Purchase Agreement, dated April 24, 1997, by and between Western Wireless Corporation and Triad Cellular Corporation.
10.50 ⁽²⁾	Agreement and Plan of Merger, dated April 24, 1997, by and among Western Wireless Corporation, Minnesota Cellular Corporation, Triad Investment Minnesota, Inc., Barry B. Lewis, Craig W. Viehweg, Terry E. Purvis, Triad Cellular Corporation, Triad Cellular L.P., and Triad Minnesota, L.P.
10.51 ⁽²⁾	Purchase Agreement, dated April 24, 1997, by and between Western Wireless Corporation and Triad Cellular, L.P.
10.52 ⁽²⁾	First Amendment to Loan Agreement, dated as of March 6, 1997, among Western PCS II Corporation, Northern Telecom Inc., NTFC Capital Corporation and Export Development Corporation
10.53 ⁽²⁾	Second Amendment to Loan Agreement, dated as of April 15, 1997, among Western PCS II Corporation, Northern Telecom Inc., NTFC Capital Corporation and Export Development Corporation
10.54 ⁽²⁾	Second Amendment to Amended and Restated Loan Agreement by and among Western Wireless Corporation, various financial institutions, and The Toronto-Dominion Bank, Barclays Bank PLC and Morgan Guaranty Trust Company of New York as Managing Agents dated May 28, 1997.
10.55 ⁽²⁾	Stock Subscription Agreement by and among Western Wireless Corporation, Hutchison Telecommunications Limited and Hutchison Telecommunications Holdings (USA) Limited dated October 14, 1997.
10.56 ⁽²⁾	Purchase Agreement by and among Western PCS Corporation, Western Wireless Corporation, Hutchison Telecommunications Limited and Hutchison Telecommunications PCS (USA) Limited dated October 14, 1997.

Exhibit	Description
10.57 ⁽¹⁾	Form of Cash Management Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.58 ⁽¹⁾	Form of Roaming Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.59 ⁽¹⁾	Form of Services Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.60 ⁽¹⁾	Form of Shareholders Agreement by and among Western Wireless Corporation, Hutchison Telecommunications PCS (USA) Limited and Western PCS Corporation.
10.61 ⁽¹⁾	Form of Tax Sharing Agreement by and between Western Wireless Corporation and Western PCS Corporation.
10.62 ⁽¹⁾	Agreement to Form Limited Partnership dated September 30, 1997, by and among Western PCS Iowa Corporation, a Delaware corporation, INS Wireless, Inc., an Iowa corporation, Western PCS I Corporation, a Delaware corporation, and Iowa Network Services, Inc., an Iowa corporation.
10.63 ⁽¹⁾	Iowa Wireless Services, L.P. Limited Partnership Agreement dated as of September 30, 1997, by and between INS Wireless, Inc., as General Partner, and Western PCS I Iowa Corporation, as Limited Partner.
10.64 ⁽¹⁾	Software License Maintenance and Subscriber Billing Services Agreement dated June 1997.
10.65 ⁽¹⁾	First Amendment to Software License, Maintenance and Subscriber Billing Services Agreement dated December 1997, between CSC Intelicom, Inc., and Western Wireless Corporation.
10.66 ⁽¹⁾	Letter agreement dated December 16, 1997 between Western Wireless Corporation and Intelicom Services Inc. to provide products and services pursuant to the Software License Maintenance and Subscriber Billing Services Agreements and First Amendment thereto.
13.1	Market for Registrant's Common Equity and Related Stockholder Matters.
13.2	Selected Financial Data
13.3	Management's Discussion and Analysis of Financial condition and Results of Operations
13.4	Financial Statements and Supplementary Data
21.1 ⁽¹⁾	Subsidiaries of the Registrant
23.1	Consent of Arthur Andersen LLP
27.1	Financial Data Schedule
99.1 ⁽¹⁾	Report on Form 8-K dated June 19, 1997

- (1) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-1 (Securities and Exchange Commission (the "Commission") File No. 333-2432).
- (2) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-1 (Commission File No. 333-2688).
- (3) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-4 (Commission File No. 333-14859).
- (4) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-8 (Commission File No. 333-18137).
- (5) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-1 (Commission File No. 333-14859).
- (6) Incorporated herein by reference to the exhibit filed with the Company's Registration Statement on Form S-3 (Commission File No. 333-14859).
- (7) Incorporated herein by reference to the exhibit filed with the Company's Form 10-K for the year ended 12/31/96.
- (8) Incorporated herein by reference to the exhibit filed with the Company's Form 10-Q for the quarter ended 3/31/97.
- (9) Incorporated herein by reference to the exhibit filed with the Company's Form 10-Q for the quarter ended 6/30/97.
- (10) Incorporated herein by reference to the exhibit filed with the Company's Form 10-Q for the quarter ended 9/30/97.
- (11) Portions of this exhibit have been omitted and filed separately with the Secretary of the Commission pursuant to the Registrant's Application Requesting Confidential Treatment under Rule 246-2 of the Securities Exchange Act of 1934.

Exhibit 13.1 MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company commenced its initial public offering on May 22, 1996, at a price to the public of \$23.50 per share. Since that date, the Company's Class A Common Stock has been traded on the NASDAQ Stock Market under the symbol WWCA. There currently is no established public trading market for the Company's Class B Common Stock. The following table sets forth the quarterly high and low bid quotations for the Class A Common Stock on the NASDAQ Stock Market. These quotations reflect the inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

<u>1997</u>	<u>High</u>	<u>Low</u>
First quarter.....	\$16 1/8	\$12
Second quarter	\$16 7/8	\$10
Third quarter.....	\$19 1/8	\$13 5/8
Fourth quarter.....	\$22 1/4	\$16 1/2

The Company has never declared or paid dividends on its Common Stock and does not anticipate paying dividends in the foreseeable future. In addition, certain provisions of the Senior Secured Facilities (as described in "Management's Discussion and Analysis of Results of Operations and Financial Condition - Liquidity and Capital Resources") and the indentures of its public debt offerings contain restrictions on the Company's ability to declare and pay dividends on its Common Stock.

Exhibit 13.2 SELECTED FINANCIAL DATA

The following table sets forth certain selected consolidated financial and operating data for the Company as of and for each of the five years in the period ended December 31, 1997, which was derived from the Company's consolidated financial statements and notes thereto that have been audited by Arthur Andersen LLP, independent public accountants. All of the data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's consolidated financial statements and notes thereto.

(Dollars in thousands, except per share data)	Year Ended December 31,				
	1997	1996	1995	1994	1993
Consolidated Statements of Operations Data:					
Revenues.....	\$ 380,578	\$ 243,085	\$ 148,555	\$ 83,108	\$ 20,734
Operating Expenses.....	540,239	329,971	170,490	88,678	25,598
Operating loss.....	(159,661)	(86,886)	(23,935)	(23,568)	(4,862)
Other income (expense).....	(105,873)	(43,219)	(25,374)	(2,392)	8,191
Income (loss) before extraordinary item.....	(265,534)	(130,105)	(49,309)	(25,960)	3,329
Extraordinary item.....			(6,645)		
Net income (loss).....	\$ (265,534)	\$ (130,105)	\$ (55,954)	\$ (25,960)	\$ 3,329
Share data (1):					
Basic income (loss) per common share before extraordinary item.....	\$ (3.76)	\$ (2.00)	\$ (0.87)	\$ (0.59)	\$ 0.10
Per common share effect of extraordinary item.....			(0.12)		
Basic income (loss) per common share.....	\$ (3.76)	\$ (2.00)	\$ (0.99)	\$ (0.59)	\$ 0.10
Weighted average common shares used in computing basic income/loss per common share.....	70,692,000	65,195,000	58,470,000	43,949,000	32,253,000
Other Data:					
EBITDA (2).....	\$ (26,191)	\$ (7,145)	\$ 25,521	\$ 2,102	\$ 537

- (1) The number of shares outstanding has been calculated based on the requirements of Statement of Financial Accounting Standards No. 128.
- (2) EBITDA represents operating loss before depreciation and amortization. EBITDA is a measure commonly used in the industry but is not prepared in accordance with United States generally accepted accounting principals ("GAAP") and should not be considered as a measurement of net cash flows from operating activities. In 1994, the Company recorded provisions for restructuring costs of \$2.5 million. EBITDA before such provisions for restructuring costs would have been \$4.6 million.

(Dollars in thousands)

	December 31,				
	1997	1996	1995	1994	1993
Consolidated Balance Sheets Data:					
Current assets.....	\$ 138,752	\$ 149,790	\$ 37,508	\$ 35,769	\$ 14,686
Property and equipment, net.....	699,129	538,617	193,692	120,648	48,591
Licensing costs and other intangible assets, net.....	807,409	540,482	417,971	211,309	88,270
Other assets.....	74,663	12,814	9,857	1,468	6,219
Total assets.....	\$ 1,719,973	\$ 1,241,703	\$ 659,028	\$ 370,194	\$ 155,766
Current liabilities.....	\$ 130,545	\$ 144,454	\$ 55,936	\$ 39,214	\$ 16,447
Total long-term debt and other liabilities, net of current portion.....	1,395,000	743,000	362,487	200,567	53,430
Minority interests in equity of consolidated subsidiary.....				3,378	
Shareholders' equity.....	194,428	354,249	240,605	127,017	85,690
Total liabilities and shareholders' equity.....	\$ 1,719,973	\$ 1,241,703	\$ 659,028	\$ 370,194	\$ 155,766
Other Data:					
Cellular subscribers.....	520,000	321,200	209,500	112,800	30,000
PCS subscribers.....	128,600	36,500			

(Dollars in thousands)

	Year Ended December 31,				
	1997	1996	1995	1994	1993
Consolidated Statements of Cash Flows Data:					
Cash flows provided by (used in):					
Operating activities.....	\$ (114,468)	\$ (51,333)	\$ (745)	\$ (998)	\$ (259)
Investing activities.....	\$ (652,304)	\$ (499,096)	\$ (293,579)	\$ (70,190)	\$ (32,530)
Financing activities.....	\$ 727,378	\$ 596,732	\$ 295,109	\$ (70,777)	\$ 38,212

Exhibit 13.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the consolidated financial condition and results of operations of the Company and should be read in conjunction with the Company's consolidated financial statements and notes thereto and other financial information included herein. As a result of acquisitions, the Company's operating results for prior periods may not be indicative of future performance.

Overview

The Company provides wireless communications services in the western United States through the ownership and operation of cellular communications systems in 88 Rural Service Areas ("RSA") and Metropolitan Statistical Areas including 12 RSAs acquired from Triad Cellular Corporation, Triad Cellular L.P. and certain of their affiliates (collectively "Triad") in October 1997. The Company owns broadband personal communications services ("PCS") licenses in seven Major Trading Areas ("MTA"), each of which has commenced commercial operations. During 1997, the Company was granted 100 additional PCS licenses in the Federal Communication Commission's ("FCC") D and E Block auctions and acquired eight PCS licenses as part of its acquisition of Triad in October 1997. Cook Inlet Western Wireless PV/SS PCS, LP ("Cook Inlet PCS"), a partnership in which the Company holds a 49.9% limited partnership interest, owns broadband PCS licenses in 21 Basic Trading Areas ("BTA") including seven that were acquired in the FCC F Block auction during the first quarter of 1997. The first of these BTAs commenced commercial operations in June 1997.

The Company's revenues consist primarily of subscriber revenues (including access charges and usage charges), roamer revenues (fees charged for providing services to subscribers of other cellular communications systems when such subscribers, or "roamers," place or receive a phone call within one of the Company's service areas) and equipment sales. The majority of the Company's revenues are derived from subscriber revenues. The Company had no revenues from its paging or PCS systems prior to February 1, 1996, and February 29, 1996, respectively. Revenues from paging systems are included in other revenue. The Company expects to continue to sell cellular and PCS handsets below cost and regards these losses as a cost of building its subscriber base. As used herein, "service revenues" include subscriber, roamer and other revenue.

Cost of service consists of the cost of providing wireless service to subscribers, primarily including costs to access local exchange and long distance carrier facilities and maintain the Company's wireless network. General and administrative expenses include the costs associated with billing a subscriber and the administrative cost associated with maintaining subscribers, including customer service, accounting and other centralized functions. General and administrative expenses also include provisions for unbillable fraudulent roaming charges and subscriber bad debt. Sales and marketing costs include costs associated with acquiring a subscriber, including direct and indirect sales commissions, salaries, all costs of sales offices and retail locations, advertising and promotional expenses. Depreciation and amortization includes primarily depreciation expense associated with the Company's property and equipment in service and amortization associated with its wireless licenses for operational markets.

Certain centralized general and administrative costs, including customer service, accounting and other centralized functions, benefit all of the Company's operations. These costs are allocated to those operations in a manner which reflects management's judgment as to the nature of the activity causing those costs to be incurred.

As used herein, "EBITDA" represents operating loss before depreciation and amortization. EBITDA is a measure commonly used in the industry and should not be construed as an alternative to operating income (loss) (as determined in accordance with United States generally accepted accounting principles, "GAAP"), as an alternative to cash flows from operating activities (as determined in accordance with GAAP), or as a measure of liquidity. Cellular EBITDA represents EBITDA from the Company's cellular operations and PCS EBITDA represents EBITDA from the Company's PCS operations.

In the comparisons that follow, the Company has separately set forth certain information relating to cellular operations (including aging) and PCS operations. The Company believes that this is appropriate because its cellular systems have been operating for a number of years and operate in rural markets while its PCS systems did not commence operations until 1996 and operate in urban markets.

Results of Operations for the Years Ended December 31, 1997, 1996, and 1995

Cellular Operations

The Company had 520,000 cellular subscribers at December 31, 1997, representing an increase of 195,800 or 60.4% during 1997. At December 31, 1996 and 1995, the Company had 324,200 and 209,500 cellular subscribers, respectively, representing an increase of 54.7% during 1996 and 65.7% during 1995. In 1997, 1996, and 1995 the net number of subscribers added through system acquisitions was approximately 58,500, 4,900 and 3,300, respectively. Removing the effect of the Triad subscribers acquired in October 1997, the subscriber growth would have been 42.4% during 1997.

During the fourth quarter of 1997, the Company purchased from Triad the cellular business and assets of 12 RSAs in Texas, Utah, Oklahoma and Minnesota. This purchase was consummated on October 31, 1997, thus the operating results of the Company's cellular business for the twelve months ended December 31, 1997, may not be indicative of future performance.

The following table sets forth certain financial data as it relates to the Company's cellular operations:

(Dollars in thousands)	Year Ended December 31,				
	1997	% change	1996	% change	1995
Cellular revenues:					
Subscriber revenues	\$ 245,364	40.5%	\$ 174,647	65.7%	\$ 105,430
Roamer revenues	39,750	16.7%	34,065	14.9%	29,660
Equipment sales and other revenues	17,734	5.3%	16,834	45.8%	11,465
Total revenues	\$ 302,848		\$ 225,546		\$ 146,555
Cellular operating expenses:					
Cost of service	\$ 47,001	14.3%	\$ 41,130	48.6%	\$ 27,686
Cost of equipment sales	29,698	16.4%	25,516	23.2%	20,705
General and administrative	60,865	31.0%	46,464	64.9%	28,184
Sales and marketing	61,409	17.8%	52,147	27.0%	41,051
Depreciation and amortization	66,595	1.9%	65,346	32.9%	49,187
Total operating expenses	\$ 265,568		\$ 230,603		\$ 166,813

Cellular Revenues

Subscriber revenues have increased over the past three years due to the growth in the number of subscribers offset slightly by a decrease in the average monthly cellular subscriber revenue per subscriber. Average monthly cellular subscriber revenue per subscriber was \$51.13 in 1997, a 7.0% decline from \$54.96 in 1996, which was a 4.0% decline from \$57.25 in 1995. The Company anticipates this downward trend will continue in 1998. Over the past few years the cellular industry as a whole has also shown a decline in the average monthly cellular subscriber revenue per subscriber. Removing the effect of the Triad subscribers acquired in October 1997, the average monthly cellular subscriber revenue per subscriber was \$51.38 in 1997.

The increase in roamer revenues over the past three years was caused by an increase in roaming traffic and partially offset by decreases in the rates charged between carriers. While the Company expects total roamer minutes to continue to increase, the decline in the rates charged between carriers will limit the growth of roamer revenues.

Cellular equipment sales, which consist primarily of handset sales, decreased in 1997 primarily due to the decrease in the average cellular handset sales price despite the increase in net subscriber additions.

Cellular Operating Expenses

The increase in cost of service is primarily attributable to the increased number of subscribers. While cost of service increased in total dollars, it decreased as a percentage of service revenues to 16.2% in 1997 from 19.3% in 1996 and 20.5% in 1995 due primarily to efficiencies gained from the growing subscriber base.

The Company's general and administrative costs are principally considered to be variable costs, that is costs that will vary with the level of subscribers. The increases in total dollars are primarily attributable to the increase in costs associated with supporting the increased subscriber base. However, the general and administrative cost per average subscriber continues to decrease as a result of efficiencies gained from the growing subscriber base. The general and administrative cost per average subscriber decreased to \$12.60 in 1997 from \$14.58 in 1996 and \$15.08 in 1995. While the Company has not incurred material fraud or bad debt expenses to date and continues to develop and invest in measures to minimize such expenses, there can be no assurance that such expenses will not increase in the future.

Increases in sales and marketing costs are primarily due to the increase in net subscriber additions over the past three years. Although sales and marketing costs have increased, sales and marketing cost per net subscriber added, including the loss on equipment sales, declined to \$574 in 1997 from \$593 in 1996. This decrease is a result of strategically reduced advertising costs and is partially offset by an increase in the churn rate. Sales and marketing cost per net subscriber added increased to \$593 in 1996 from \$546 in 1995 largely due to an increase in the number of disconnected subscribers relative to the number of gross subscriber additions. Removing the effect of the Triad properties acquired in October 1997, sales and marketing costs would have been approximately \$59.8 million in 1997 and the cost per net subscriber added, including the loss on equipment sales, would have been \$578.

Cost of equipment sales increased primarily due to the increase in the number of handsets sold in 1997 as compared to 1996 and 1995. Offsetting this increase is a decrease caused by the decline in the average cost of handsets sold.

Increases in depreciation and amortization expense over the past three years are primarily due to the purchase of additional wireless communications system assets by the Company. In 1997, the increase in depreciation and amortization expense caused by the purchase of additional assets, including the acquisition of the Triad properties, was offset by the change in the life by which cellular licenses are amortized. Effective January 1, 1997, the Company prospectively changed its amortization period for cellular licensing costs from 15 years to 40 years to conform more closely with industry practices. The effect of this change in 1997 was to decrease net loss by approximately \$15 million and decrease the basic loss per share by \$0.21.

PCS Operations

The Company's PCS business did not commence operations in any of its markets until February 1996. From that date through the end of 1996 six of the original seven MTA licenses purchased by the Company launched service at various times. The last of the original seven MTA licenses, Denver, became operational in May of 1997. Due to the varying dates at which each of the MTAs became operational, the expenses and revenues incurred may not be representative of future operations. Additionally, during each period being discussed a portion of the operating expenses incurred in the Company's PCS operations were related to start-up costs incurred prior to the commencement of operations in each of the systems. Exclusive of depreciation and amortization expense, which was not material, approximately \$5.4 million and \$17.0 million of start-up costs were incurred in 1997 and 1996, respectively.

The Company had 128,600 PCS subscribers at December 31, 1997, representing an increase of 262.3% during 1997. At December 31, 1996, the Company had 35,500 PCS subscribers.

The following table sets forth certain financial data as it relates to the Company's PCS operations:

(Dollars in thousands)	Year Ended December 31,				
	1997	% change	1996	% change	1995
PCS revenues:					
Service revenues.....	\$ 52,587	574.7%	\$ 7,794		
Equipment revenues.....	25,143	158.0%	9,745		
Total revenues.....	\$ 77,730		\$ 17,539		
PCS operating expenses:					
Cost of service.....	\$ 43,183	248.3%	\$ 12,470		
Cost of equipment sales.....	53,469	157.2%	20,789		
General and administrative.....	51,678	155.7%	20,209	N.M.	\$ 3,069
Sales and marketing.....	59,486	88.8%	31,505	N.M.	339
Depreciation and amortization....	68,875	384.6%	14,365	N.M.	289
Total operating expenses.....	\$ 274,671		\$ 99,368		\$ 3,677

PCS Revenues

PCS service revenues grew in 1997 primarily because all seven of the original MTAs were operational during the majority of 1997 while these same MTAs were only operational during a portion of 1996. Average monthly PCS subscriber revenue per subscriber was \$57.48 for 1997 as compared to \$62.85 for 1996. As the Company's PCS operations only began generating revenue during 1996, the year over year trend is not necessarily representative of future trends.

PCS equipment sales increased as a result of commercial operations in six of the Company's PCS MTAs during the entire twelve months of 1997 and the Denver MTA for eight months of 1997 as compared to only six MTAs having operations of various lengths throughout 1996. The Company anticipates continued growth in equipment sales as a result of increases in PCS subscriber additions and the commencement of commercial operations in other PCS markets.

PCS Operating Expenses

Cost of service expenses, cost of equipment sales, and depreciation and amortization expenses largely represent the expenses incurred by the operational PCS systems. Six of the PCS MTAs were operational during the entire twelve months in 1997 and the Denver MTA was operational for eight months of that period. Six of the PCS MTAs became operational during various times throughout 1996. Accordingly, cost of service expenses, cost of equipment sales, and depreciation and amortization expenses increased in 1997 over 1996. Similarly, general and administrative costs increased due to the costs associated with supporting the additional markets in which the Company has operations and sales and marketing costs increased as a result of the effort to increase net subscriber additions and promote the Company's PCS brand name. As the Company's PCS systems only commenced operations during 1996, the year over year trend is not necessarily representative of future trends.

Other Income (Expense); Extraordinary Loss; Net Operating Loss Carryforwards

Interest and financing expense, net of capitalized interest, increased in 1997 from 1996 and 1995 due to the increase in long-term debt. Long-term debt was incurred primarily to fund the Company's capital expenditures associated with the build-out of the Company's PCS systems. Interest expense will continue to increase in 1998 as a result of increased borrowings the Company has incurred, and will continue to incur, to fund this expansion. The weighted average interest rate, before the effect of capitalized interest, was 10.2%, 9.6% and 9.2% in 1997, 1996 and 1995, respectively.

Extraordinary loss on early extinguishment of debt of \$6.6 million in 1995 represents the charge for the unamortized portion of financing costs incurred in connection with the refinancing of the Company's then outstanding credit facility.

The Company had available at December 31, 1997, net operating loss carryforwards ("NOLs") of approximately \$640 million which will expire in the years 2002 through 2012. The Company may be limited in its ability to use these carryforwards in any one year due to ownership changes that preceded the business combination that formed the Company in July 1994. Approximately \$17 million of such NOLs are subject to such limitations. Any amount of NOLs subject to such limitation that the Company is not able to use in any one year may be used in subsequent years prior to the expiration thereof. There is currently no limitation on the remaining NOLs of \$623 million. Management believes that, based on a number of factors, there is sufficient uncertainty regarding the utilization of all of the Company's NOLs. See Note 9 of the Company's Notes to the consolidated financial statements.

EBITDA

Consolidated EBITDA declined to negative \$26.2 million in 1997 from negative \$7.1 million in 1996 and \$25.5 million in 1995 primarily due to the negative \$130.1 million and negative \$67.4 million EBITDA in 1997 and 1996, respectively, attributable to PCS operations offset by an increase in cellular EBITDA. Cellular EBITDA increased to \$103.9 million in 1997 from \$60.3 million in 1996 and \$28.9 million in 1995, primarily as a result of increased revenues due to the increased subscriber base and the related cost efficiencies gained. As a result, cellular operating margin (cellular EBITDA as a percentage of cellular service revenues) increased to 35.8% in 1997 from 28.3% in 1996 and 21.4% in 1995.

Liquidity and Capital Resources

The Company has a credit facility (the "Credit Facility") with a consortium of lenders providing for \$750 million of revolving credit and a \$200 million term loan. A subsidiary of the Company also has a credit facility (the "PCS Vendor Facility" and, together with the Credit Facility, the "Senior Secured Facilities") with a consortium of lenders providing for \$300 million of revolving credit. As of December 31, 1997, \$695 million and \$300 million were outstanding under the Credit Facility and the PCS Vendor Facility, respectively. Amounts available for borrowing under the Credit Facility, which is limited by certain financial covenants, was \$239 million. Indebtedness under the Credit Facility and the PCS Vendor Facility matures on March 31, 2006, and December 31, 2003, respectively, and bears interest at variable rates. Substantially all the assets of the Company are pledged as security for such indebtedness. The terms of the PCS Vendor Facility restrict, among other things, the sale of assets, distribution of dividends or other distributions and loans by the subsidiary of the Company.

In October 1997, the Company entered into an agreement with Hutchison Telecommunications Limited ("HTL") and a subsidiary of HTL pursuant to which the HTL subsidiary agreed to purchase approximately 5% of the outstanding capital stock of the Company for a purchase price of \$74.3 million. This transaction closed in November 1997. The proceeds from the sale of the stock were used to reduce the revolving Credit Facility. The Company and its subsidiary, Western PCS Corporation ("Western PCS"), also entered into an agreement with HTL and another HTL subsidiary pursuant to which the HTL subsidiary agreed to purchase 19.9% of the outstanding capital stock of Western PCS for an aggregate purchase price of \$248.4 million. This transaction closed in February 1998. Approximately \$135 million of the proceeds will be used by Western PCS for the continued build-out of its PCS systems during 1998. The remainder of the proceeds was paid to the Company as a repayment of advances made to Western PCS and was used by the Company to reduce the revolving Credit Facility.

The Company currently anticipates that it will require approximately \$260 million for the continued build-out of its PCS systems during 1998. In addition, further funds will be required to finance the continued growth of its cellular and PCS operations (which may be significant), provide for working capital, and service debt. Part of the funds needed to finance the PCS build-out and operations will come from the investment by HTL. The Company will utilize cash on hand, including the proceeds of the HTL investments described above, and amounts available for borrowing under the Credit Facility for such purposes. The Company believes such sources will be sufficient for the operations of the business. The Company continues to consider and expects to pursue additional sources of funding to enable the further development of the PCS business. Such sources may include the issuance of additional indebtedness and/or the sale of additional equity at the parent or subsidiary level. There can be no assurance that such funds will be available to the Company on acceptable or favorable terms.

Net cash used in operating activities was \$114.5 million in 1997. Adjustments to the \$265.5 million net loss to reconcile to net cash used in operating activities primarily included \$133.5 million of depreciation and amortization. Other adjustments included changes in operating assets and liabilities, net of effects from consolidating acquired interests, consisting of an increase of \$54.9 million in accrued liabilities, primarily attributable to an increase in property taxes and

interest, an increase of \$23.9 million in accounts receivable, net, as a result of the increase in total revenues, and an increase of \$16.9 million in prepaid expenses and other current assets, primarily due to \$15 million in escrow for the final payment to Triad which was released in January 1998. Net cash used in operating activities was \$61.3 million and \$0.7 million in 1996 and 1995, respectively.

Net cash used in investing activities was \$852.3 million in 1997. Investing activities for such period consisted primarily of purchases of wireless licenses and other intangible assets of \$71.9 million of which \$71.6 was attributable to the purchase of the PCS licenses that the Company was the high bidder on in the FCC's D and E Block auctions, purchases of property and equipment of \$318.8 million of which \$284.4 was attributable to PCS capital expenditures incurred in relation to the build out and expansion of the PCS MTAs, and acquisitions of wireless properties, net of cash acquired, of \$195.8 million primarily attributable to the purchase of the Triad licenses and properties during the fourth quarter of 1997. Net cash used in investing activities was \$489.1 million and \$293.6 million in 1996 and 1995, respectively.

Net cash provided by financing activities was \$727.4 million in 1997. Financing activities for such period consisted of \$652 million of net additions to long-term debt and the issuance of 3,888,888 shares of Class A Common stock to Hutchison in November in consideration for \$74.3 million. Net cash provided by financing activities was \$596.7 million and \$295.1 million in 1996 and 1995, respectively.

In the ordinary course of business, the Company continues to evaluate acquisition opportunities, joint ventures and other potential business transactions. Such acquisitions, joint ventures and business transactions may be material. Such transactions may also require the Company to seek additional sources of funding through the issuance of additional debt and/or additional equity at the parent or subsidiary level. There can be no assurance that such funds will be available to the Company on acceptable or favorable terms.

As previously mentioned, the Company holds a 49.9% interest in Cook Inlet PCS. Cook Inlet PCS is subject to the FCC's build-out requirements and will require significant additional amounts to complete the build-out of its PCS systems and to meet the government debt service requirements on the C and F Block license purchase prices. The potential sources of such additional funding include vendor loans, loans or capital contributions by the partners of Cook Inlet PCS or other third party financing. To date, the Company has funded the operations of Cook Inlet PCS through the issuance of promissory notes. At December 31, 1997, the Company had advanced funds totaling \$36.0 million to Cook Inlet PCS under such promissory notes.

Year 2000 Issues

The Company, like most owners of computer software, will be required to modify significant portions of its software so that it will function properly in the year 2000. Any of the Company's computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities. The Company is in the planning phase of its year 2000 compliance project and does not, as of yet, have a determinable estimate of the costs to be incurred. The Company expects to incur internal staff costs as well as consulting and other expenses related to infrastructure and facilities enhancements necessary to prepare the systems for the year 2000. The Company expects its year 2000 compliance project to be completed on a timely basis.

Seasonality

The Company, and the wireless communications industry in general, have historically experienced significant subscriber growth during the fourth calendar quarter. Accordingly, during such quarter the Company experiences greater losses on equipment sales and increases in sales and marketing expenses. The Company has historically experienced highest usage and revenue per subscriber during the summer months. The Company expects these trends to continue.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Western Wireless Corporation:

We have audited the accompanying consolidated balance sheets of Western Wireless Corporation and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1997. These financial statements and schedules referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Wireless Corporation and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the index of consolidated financial statements are presented for purposes of complying with the Securities and Exchange Commission rules and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Seattle, Washington
February 17, 1998

WESTERN WIRELESS CORPORATION
Consolidated Balance Sheets
(Dollars in thousands)

	As of December 31,	
	1997	1996
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 15,459	\$ 54,885
Accounts receivable, net of allowance for doubtful accounts of \$9,831 and \$4,286, respectively	55,652	20,958
Inventory	36,425	26,138
Prepaid expenses and other current assets	31,216	14,809
Deposit held by FCC		25,000
Total current assets	138,752	140,790
Property and equipment, net of accumulated depreciation of \$221,031 and \$107,685, respectively	699,129	538,617
Licensing costs and other intangible assets, net of accumulated amortization of \$73,049 and \$55,363, respectively	807,409	540,482
Investments in and advances to unconsolidated affiliates	64,156	12,655
Other assets	10,527	159
	<u>\$ 1,719,973</u>	<u>\$ 1,241,703</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 11,519	\$ 14,122
Accrued liabilities	104,595	40,749
Construction accounts payable	14,431	89,683
Total current liabilities	130,545	144,454
Long-term debt	1,395,000	743,000
Commitments (Note 8)		
Shareholders' equity:		
Preferred stock, no par value, 50,000,000 shares authorized; no shares issued and outstanding		
Common stock, no par value, 300,000,000 shares authorized; Class A, 22,201,336 and 14,540,691 shares issued and outstanding, respectively, and; Class B, 53,431,163 and 55,239,157 shares issued and outstanding, respectively	675,036	569,278
Deferred compensation	(845)	(800)
Deficit	(479,763)	(214,229)
Total shareholders' equity	194,428	354,249
	<u>\$ 1,719,973</u>	<u>\$ 1,241,703</u>

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Consolidated Statements of Operations
(Dollars in thousands, except per share data)

	For the year ended December 31,		
	1997	1996	1995
Revenues:			
Subscriber revenues	\$ 297,724	\$ 182,441	\$ 105,430
Roaming revenues	39,977	34,065	29,660
Equipment sales and other revenues	42,877	26,579	11,465
Total revenues	380,578	243,085	146,555
Operating expenses:			
Cost of service	90,184	53,600	27,686
Cost of equipment sales	83,107	46,305	20,705
General and administrative	112,543	66,073	31,263
Sales and marketing	120,875	83,652	41,360
Depreciation and amortization	133,470	79,741	49,458
	<u>540,239</u>	<u>329,971</u>	<u>170,460</u>
Operating loss	(159,661)	(86,886)	(23,935)
Other income (expense):			
Interest and financing expense, net	(96,964)	(44,690)	(25,428)
Equity in net loss of unconsolidated affiliates	(11,058)	(988)	(236)
Other, net	4,149	2,439	290
Total other income (expense)	(103,873)	(43,239)	(25,374)
Loss before extraordinary item	(263,534)	(130,105)	(49,309)
Extraordinary loss on early extinguishment of debt			(6,845)
Net loss	(263,534)	(130,105)	(56,154)
Basic loss per common share before extraordinary item	\$ (3.76)	\$ (2.00)	\$ (0.87)
Per common share effect of extraordinary item			(0.12)
Basic loss per common share	\$ (3.76)	\$ (2.00)	\$ (0.99)
Weighted average common shares used in computing basic loss per common share	70,692,000	65,196,000	56,470,000

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Consolidated Statements of Shareholders' Equity
(Dollars in thousands)

	Common Stock			Deferred compensation	Deficit	Total shareholders' equity
	Class A shares	Class B shares	Par value and paid-in capital			
Balance, January 1, 1995		42,983,360	\$ 155,187		\$ (28,170)	\$ 127,017
Shares issued:						
For cash, net of costs		12,665,905	143,002			143,002
In exchange for shareholder loans plus accrued interest		1,245,998	14,088			14,088
For minority interests in GCC, net		896,210	9,944			9,944
In exchange for wireless properties		217,000	2,450			2,450
Upon exercise of stock options		38,762	78			78
Net loss					(55,934)	(55,934)
Balance, December 31, 1995		58,047,235	324,729		(84,124)	240,605
Shares issued:						
For cash, net of costs	10,664,800	88,567	234,724			234,724
Upon exercise of stock options	383,937		879			879
In exchange for wireless properties		595,309	7,117			7,117
Class B shares exchanged for Class A shares	3,491,954	(3,491,954)				
Deferred compensation			1,829	\$ (800)		1,029
Net loss					(130,105)	(130,105)
Balance, December 31, 1996	14,540,691	55,239,157	569,276	(800)	(214,229)	354,249
Shares issued:						
Upon exercise of stock options	268,763		1,077			1,077
In exchange for wireless properties	1,600,000		28,600			28,600
Private placement	3,693,888		74,300			74,300
Class B shares exchanged for Class A shares	1,807,994	(1,807,994)				
Deferred compensation	95,000		1,781	(45)		1,736
Net loss					(265,534)	(265,534)
Balance, December 31, 1997	22,201,336	53,431,163	\$ 675,036	\$ (845)	\$ (479,783)	\$ 194,428

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Consolidated Statements of Cash Flows
(Dollars in thousands)

	For the year ended December 31,		
	1997	1996	1995
Operating Activities:			
Net loss	\$ (265,534)	\$ (130,105)	\$ (55,954)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	133,470	79,741	49,456
Extraordinary loss on early extinguishment of debt			6,845
Employee equity compensation	1,635	1,029	
Equity in net loss of unconsolidated affiliates	11,058	988	236
Other, net	5,157	3,068	864
Changes in operating assets and liabilities, net of effects from consolidating acquired interests:			
Accounts receivable, net	(23,871)	(10,309)	(5,748)
Inventory	(9,481)	(20,483)	(239)
Prepaid expenses and other current assets	(16,913)	(10,979)	(1,284)
Accounts payable	(4,807)	5,771	(272)
Accrued liabilities	54,911	19,956	5,551
Other assets	(323)		
Net cash used in operating activities	(114,495)	(61,333)	(745)
Investing activities:			
Purchase of property and equipment	(318,750)	(333,315)	(79,464)
Additions to licensing costs and other intangible assets	(71,917)	(86,097)	(137,805)
Acquisition of wireless properties, net of cash acquired	(195,790)	(40,180)	(60,700)
Investments in and advances to unconsolidated affiliates	(53,402)	(5,994)	(8,268)
Purchase of subsidiary stock, including fees			(5,842)
Deposit held by FCC, net	7,749	(23,500)	(1,500)
Other assets	(10,194)		
Net cash used in investing activities	(652,304)	(489,086)	(293,579)
Financing activities:			
Proceeds from issuance of common stock, net	75,376	235,603	143,080
Additions to long term debt	722,000	893,000	438,000
Payment of debt	(70,000)	(512,722)	(277,015)
Deferred financing costs		(19,149)	(12,798)
Loans from shareholders			3,842
Net cash provided by financing activities	727,376	596,732	295,109
Change in cash and cash equivalents	(39,426)	46,313	785
Cash and cash equivalents, beginning of year	54,885	8,572	7,787
Cash and cash equivalents, end of year	15,459	54,885	8,572

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

1. Organization:

Western Wireless Corporation (the "Company") provides wireless communications services in the western United States principally through the ownership and operation of cellular and personal communications services ("PCS") systems. The cellular operations are primarily in rural areas and the PCS operations are primarily in urban areas due to the Company's belief that there are certain strategic advantages to operating each technology in these respective areas. As of December 31, 1997, the Company provides cellular services in 72 Rural Service Areas ("RSA") and 16 Metropolitan Statistical Areas ("MSA") and PCS services in nine metropolitan markets in seven Metropolitan Trading Areas ("MTA").

The Company expanded its cellular footprint in 1997 by acquiring 12 RSAs from Triad Corporation, Triad Cellular L.P. and certain of their affiliates (collectively "Triad") (see Note 12). Also during 1997 the Company acquired 100 additional PCS licenses in the Federal Communication Commission's ("FCC") D and E Block auctions and acquired eight more PCS licenses as part of its acquisition of Triad. Cook Inlet Western Wireless PV/SS PCS, LP ("Cook Inlet PCS"), a partnership in which the Company holds a 49.9% limited partnership interest, owns broadband PCS licenses in 21 Basic Trading Areas ("BTA") including seven that were acquired in the FCC F Block auction during the first quarter of 1997. The first of these BTAs commenced commercial operations in June 1997.

The Company expects to incur significant operating losses and to generate negative cash flows from operating activities during the next several years while it develops and constructs its PCS systems and builds a PCS customer base.

2. Summary of Significant Accounting Policies:

Principles of consolidation:

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries and its affiliate investments in which the Company has a greater than 50% interest that is not temporary. All affiliate investments in which the Company has between a 20% and 50% interest and those that are temporarily greater than 50% are accounted for using the equity method. All significant intercompany accounts and transactions have been eliminated.

Cash and cash equivalents:

Cash and cash equivalents generally consist of cash and marketable securities that have original maturity dates not exceeding three months. Such investments are stated at cost, which approximates fair value.

Revenue recognition:

Service revenues based on customer usage are recognized at the time the service is provided. Access and special feature service revenues are recognized when earned. Sales of equipment, primarily handsets, are recognized when the goods are delivered to the customer.

Inventory:

Inventory consists primarily of handsets and accessories. Inventory is stated at the lower of cost or market, determined on a first-in, first-out basis.

Property and equipment and depreciation:

Property and equipment are stated at cost. Depreciation commences once the assets have been placed in service and is computed using the straight-line method over the estimated useful lives of the assets which primarily range from three to ten years.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (continued):

Licensing costs and other intangible assets and amortization:

Licensing costs primarily represent costs incurred to acquire FCC wireless licenses, including cellular licenses obtained by the Company, principally through acquisitions, and PCS licenses which were primarily purchased from the FCC.

Amortization of cellular licenses is computed using the straight-line method. During 1996 the Company amortized its cellular licensing costs over 15 years. Effective January 1, 1997, the Company prospectively changed its amortization period for cellular licensing costs from 15 years to 40 years to conform more closely with industry practices. The effect of this change in 1997 was to decrease net loss by approximately \$15 million and decrease the loss per share by \$0.21. Amortization of PCS licenses begins with the commencement of service to customers and is computed using the straight-line method over 40 years.

Other intangible assets consist primarily of deferred financing costs. Deferred financing costs are amortized using the effective interest method over the terms of the respective loans which have terms ranging from 9 to 10 years.

Capitalized interest

The Company's PCS licenses represent qualified assets pursuant to Statement of Financial Accounting Standards (SFAS) No. 34, "Capitalization of Interest Cost." For the years ended December 31, 1997, 1996, and 1995, the Company had interest expense of \$99.0 million, \$44.7 million and \$25.4 million, respectively, net of capitalized interest in the amount of \$4.0 million, \$5.2 million and \$0.4 million, respectively, pertaining to the build out of its PCS markets.

Income taxes

The Company accounts for deferred taxes using the asset and liability method.

Loss per common share:

Loss per common share is calculated using the weighted average number of shares of outstanding common stock during the period. The number of shares outstanding has been calculated based on the requirements of SFAS No. 128, "Earnings Per Share." Due to the net loss incurred during the periods presented, all options outstanding are anti-dilutive, thus basic and diluted loss per share are equal.

Stock-based compensation plans:

The Company accounts for its stock-based compensation plans under APB Opinion No. 25, "Accounting for Stock Issued to Employees." See Note 11 for discussion of the effect on net loss and other related disclosures had the Company accounted for these plans under SFAS No. 123, "Accounting for Stock-Based Compensation."

Financial instruments:

As required under the Credit Facility (as defined in Note 7), the Company enters into interest rate swap and cap agreements to manage interest rate exposure pertaining to long-term debt. The Company has only limited involvement with these financial instruments, and does not use them for trading purposes. In addition, the Company has historically held derivative financial instruments to maturity and has never recognized a gain or loss on disposal. It is the Company's intent to hold existing derivatives to maturity. Interest rate swaps are accounted for on an accrual basis, the income or expense of which is included in interest expense. Premiums paid to purchase interest rate cap agreements are classified as an asset and amortized to interest expense over the terms of the agreements. These transactions do not subject the Company to risk of loss because gains and losses on these contracts are offset against losses and gains on the underlying liabilities. No collateral is held in relation to the Company's financial instruments.

The carrying value of the Company's short-term financial instruments approximates fair value due to the short maturity of these instruments. The fair value of long-term debt is based on incremental borrowing rates currently available on loans with similar term and maturities. The Company does not hold or issue any financial instruments for trading purposes.

WIRELESS CORPORATION
Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (continued):

Supplemental cash flow disclosures:

Cash paid for interest (net of amounts capitalized) was \$67.4 million, \$36.2 million, and \$21.7 million for the years ended December 31, 1997, 1996 and 1995, respectively.

Non-cash investing and financing activities were as follows:

(Dollars in thousands)

	Year ended December, 31		
	1997	1996	1995
Conversion of FCC deposit to wireless license	\$ 17,251		\$ 10,000
Conversion of revolving debt to term debt		\$ 200,000	
Issuance of common stock in exchange for wireless assets...	\$ 28,600	\$ 7,117	\$ 2,450
Exchange of shareholder loans and accrued interest for common stock.....			\$ 14,068

Estimates used in preparation of financial statements:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Reclassification:

Certain amounts in prior year's financial statements have been reclassified to conform to the 1997 presentation.

3. Property and Equipment:

(Dollars in thousands)

	December 31,	
	1997	1996
Land, buildings and improvements.....	\$ 20,406	\$ 8,433
Wireless communications systems.....	697,319	370,628
Furniture and equipment.....	74,768	49,351
	792,493	428,412
Less accumulated depreciation.....	(221,031)	(107,685)
	571,462	320,727
Construction in progress.....	127,667	217,890
	\$ 699,129	\$ 538,617

Depreciation expense was \$119.1 million, \$54.9 million and \$30.2 million for the years ended December 31, 1997, 1996 and 1995, respectively.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

4. Licensing Costs and Other Intangible Assets:

(Dollars in thousands)

	December 31,	
	1997	1996
License costs.....	\$ 846,466	\$ 560,232
Other intangible assets.....	33,992	35,613
	880,458	595,845
Accumulated amortization	(73,049)	(55,363)
	<u>\$ 807,409</u>	<u>\$ 540,482</u>

5. Investments in and Advances To Unconsolidated Affiliates:

(Dollars in thousands)

	December 31,	
	1997	1996
Cook Inlet PCS.....	\$ 36,055	\$ 8,142
Lalcom Wireless Telephone Co. ("Lalcom").....	11,791	4,663
ACG Telesystems Ghana, LLC ("Ghana").....	8,706	
Iceco, Ltd ("Iceland")	4,002	
Telcel Wireless LLC ("Georgia")	3,261	
Other.....	341	(150)
	<u>\$ 64,156</u>	<u>\$ 12,655</u>

The Company's ownership interest in these unconsolidated affiliates range from 30% to 75%. Those ownership interests greater than 50% are temporary, therefore the entities are not consolidated. The assets, liabilities and results of operations of Cook Inlet PCS and other unconsolidated affiliates were not material to the Company during 1997 and 1996.

6. Accrued Liabilities:

(Dollars in thousands)

	December 31,	
	1997	1996
Accrued payroll and benefits.....	\$ 15,111	\$ 11,192
Accrued interest expense.....	17,831	10,265
Accrued taxes, other than income.....	19,398	5,096
Final payment for acquisition	15,000	
Accrued interconnect charges.....	8,149	5,261
Other.....	29,106	8,935
	<u>\$ 104,595</u>	<u>\$ 40,749</u>

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

7. Long-Term Debt:

(Dollars in thousands)

	December 31,	
	1997	1998
Credit Facility (a):		
Revolving.....	\$ 495,000	\$ 200,000
Term Loans.....	200,000	200,000
10-1/2% Senior Subordinated Notes Due 2006 (b).....	200,000	200,000
10-1/2% Senior Subordinated Notes Due 2007 (c).....	200,000	200,000
PCS Vendor Facility (d).....	300,000	143,000
	<u>\$ 1,395,000</u>	<u>\$ 743,000</u>

(a) Credit Facility

The Company has a credit facility with a group of banks (the "Credit Facility") pursuant to which the banks agreed to make loans to the Company, on a revolving-credit basis, in an aggregate principal amount not to exceed \$750 million (the "Revolving Loans") and a term loan (the "Term Loan") of \$200 million. The Revolving Loans are limited to the principal amount outstanding on December 31, 2000. The Company is required to make quarterly payments on the outstanding principal of the Revolving Loans and Term Loan beginning March 31, 2001, and June 30, 2001, respectively. These payments increase each year on the anniversary date of the initial payment, until paid in full on December 31, 2005, for the Revolving Loans and March 31, 2006, for the Term Loan. The Credit Facility also contains certain financial covenants, the most restrictive of which impose limitations on the incurrence of indebtedness.

Any loan made, at the option of the Company, be made as a Base Rate Advance, Eurodollar Advance or CD Rate Advance. Under the Credit Facility, interest is payable at an applicable margin in excess of the prevailing base rate. The applicable margin on the Revolving Loans is determined quarterly based on the leverage ratio of the Company, excluding certain of its subsidiaries. The applicable margin on the Term Loan is 2.5%. During 1997 and 1998, all loans under the Credit Facility had been borrowed using the Eurodollar option. The weighted average interest rate, including the appropriate applicable margin, for the years ended December 31, 1997 and 1998, was 8.22% and 7.79%, respectively. The Credit Facility also provides for an annual fee ranging from 0.25% to 0.375% on the unused commitment, payable quarterly. As of December 31, 1997 and 1998, the unused portion of the commitment under the Credit Facility was \$239 million and \$750 million, respectively.

The Credit Facility requires the Company to enter into interest rate swap and cap agreements to manage the interest rate exposure pertaining to borrowings under the Credit Facility. At December 31, 1997 and 1998, the Company had entered into interest rate caps and swaps with a total notional amount of \$365 million and \$205 million, respectively. Generally these instruments have fixed terms ranging from three to 3-1/2 years and effectively convert variable rate debt to fixed rate. The weighted average interest rate under these agreements was approximately 7.40% and 6.76% at December 31, 1997 and 1998, respectively. The amount of unrealized loss attributable to changing interest rates at December 31, 1997 and 1998, was immaterial.

The repayment of the Credit Facility is secured by, among other things, the grant of a security interest in substantially all of the assets of the Company, excluding, among other items, the capital stock and assets of the PCS subsidiaries.

Upon execution of the Credit Facility, the Company repaid all of its outstanding indebtedness under its then existing revolving-term loan agreement (the "Previous Agreement"). The Company incurred an extraordinary loss of approximately \$6.8 million in connection with the early repayment of the outstanding indebtedness under the Previous Agreement during 1998. The loss primarily consisted of the write-off of the related financing costs which had been deferred and only partially amortized.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

7. Long-Term Debt (continued):

(b) 10-1/2% Senior Subordinated Notes Due 2006

In May 1996, the Company issued \$200 million principal amount of 10-1/2% Senior Subordinated Notes Due 2006 (the "2006 Notes") at par. The 2006 Notes mature on June 1, 2006. Interest is payable semi-annually. The 2006 Notes may be redeemed at any time at the option of the Company, in whole or from time to time in part, at varying redemption prices. The Credit Facility prohibits the repayment of all or any portion of the principal amount of the 2006 Notes prior to the repayment of all indebtedness under the Credit Facility. The 2006 Notes contain certain restrictive covenants which impose limitations on the operations and activities of the Company and certain of its subsidiaries, including the incurrence of other indebtedness, the creation of liens, the sale of assets, issuance of preferred stock of subsidiaries, and certain investments and acquisitions. The 2006 Notes are subordinate in right of payment to the Credit Facility and the PCS Vendor Facility (see item (d) below).

(c) 10-1/2% Senior Subordinated Notes Due 2007

In October 1996, the Company issued \$200 million principal amount of 10-1/2% Senior Subordinated Notes, which will mature on February 1, 2007 (the "2007 Notes") at par. Interest is payable semi-annually commencing February 1, 1997. The 2007 Notes were issued *pari passu* to the 2006 Notes. As such, the 2007 Notes may be redeemed at any time at the option of the Company, in whole or from time to time in part, at varying redemption prices. The Credit Facility prohibits repayment of all or any portion of the principal amount of the 2007 Notes prior to the repayment of all indebtedness under the Credit Facility. The 2007 Notes contain certain restrictive covenants which are consistent with that of the 2006 Notes. The 2007 Notes are subordinate in right of payment to the Credit Facility and the PCS Vendor Facility.

(d) PCS Vendor Facility

A subsidiary of the Company has a credit facility (the "PCS Vendor Facility" formerly known as the "NORTEL Facility") with a consortium of lenders which expires on December 31, 2003. In the first quarter of 1997 this agreement was amended to increase the credit facility from \$200 million to \$300 million. The PCS Vendor Facility bears interest at a rate approximating the prime rate plus a margin of 1.5%, or the London Interbank Offered Rate ("LIBOR") plus a margin of 2.5%. As of December 31, 1997, all outstanding borrowings were drawn under the LIBOR rate option. The weighted average interest rate, including margin, for the years ended December 31, 1997 and 1996, was 8.20% and 8.06%, respectively. The PCS Vendor Facility contains certain financial covenants, the most restrictive of which impose a minimum cash coverage and is collateralized by substantially all of the subsidiary's assets and the stock of such subsidiary. The terms of this agreement restrict, among other things, the sale of assets, distribution of dividends or other distributions and loans by the subsidiary of the Company. Interest only payments are required through September 30, 2000. Commencing September 30, 2000, and at the end of each calendar quarter thereafter, the subsidiary is required to make payments on the principal amount outstanding under the PCS Vendor Facility in increasing quarterly installments.

The aggregate amounts of principal maturities as of December 31, 1997, of the Company's debt are as follows (dollars in thousands):

Year ending December 31,	
1998.....	\$ 0
1999.....	0
2000.....	30,000
2001.....	123,000
2002.....	170,270
Thereafter.....	<u>1,071,730</u>
	<u>\$ 1,395,000</u>

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

8. Commitments:

The Company leases various facilities, cell site locations, rights-of-way and equipment under operating lease agreements. The leases expire at various dates through the year 2027. Some leases have options to renew for additional periods up to 25 years. Certain leases require the Company to pay property taxes, insurance and normal maintenance costs. Substantially all of the Company's leases have fixed minimum lease payments.

Future minimum payments required under operating leases and agreements that have initial or remaining noncancelable terms in excess of one year as of December 31, 1997, are summarized below (dollars in thousands):

Year ending December 31,	
1998.....	\$ 23,756
1999.....	22,083
2000.....	20,206
2001.....	15,237
2002.....	7,580
Thereafter.....	26,179
	<u>\$ 115,023</u>

Aggregate rental expense for all operating leases was approximately \$28.0 million, \$14.2 million and \$4.8 million for the years ended December 31, 1997, 1996 and 1995, respectively.

In order to ensure adequate supply and availability of certain inventory requirements and service needs, the Company has committed to purchase from various suppliers wireless communications equipment, handsets, and services. These agreements expire at various dates through December 2005. The aggregate amount of these commitments total approximately \$401 million. At December 31, 1997, the Company has ordered approximately \$246 million under all of these agreements, of which approximately \$16 million is outstanding.

In March 1998, a subsidiary of the Company entered into an agreement with a vendor to purchase \$150 million of PCS equipment and services in relation to the buildout of its Seattle and Phoenix BTAs.

The Company has various other purchase commitments for materials, supplies and other items incident to the ordinary course of business which are neither significant individually nor in the aggregate. Such commitments are not at prices in excess of current market value.

9. Income Taxes:

Significant components of deferred income tax assets and liabilities are as follows:

(Dollars in thousands)

	December 31,	
	1997	1996
Deferred tax assets:		
Net operating loss carryforwards.....	\$ 228,800	\$ 100,000
Other temporary differences.....	17,200	12,000
Total deferred tax assets.....	<u>246,000</u>	<u>112,000</u>
Valuation allowance.....	(195,600)	(90,000)
	<u>50,400</u>	<u>22,000</u>
Deferred tax liabilities:		
Property and wireless licenses basis differences.....	(50,400)	(22,000)
	<u>\$ 0</u>	<u>\$ 0</u>

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

8. Income Taxes (continued):

For tax purposes, the Company had available at December 31, 1997, net operating loss carryforwards for regular tax purposes of approximately \$640 million which will expire in 2002 through 2012. The Company may be limited in its ability to use these carryforwards in any one year due to ownership changes that preceded the business combination that formed the Company in July 1994. This change in the valuation allowance was an increase of approximately \$107 million, \$56 million and \$16 million in 1997, 1996 and 1995, respectively.

Management believes that, based on a number of factors, the available objective evidence creates sufficient uncertainty regarding the realization of the net deferred tax assets. Such factors include recurring operating losses resulting primarily from the development of the Company's PCS business and expected increased competition from new entrants into the Company's existing markets. Accordingly, a valuation allowance has been provided for the net deferred tax assets of the Company.

The difference between the statutory tax rate of approximately 40% (35% federal and 5% state, net of federal benefits) and the tax benefit of zero recorded by the Company is primarily due to the Company's full valuation allowance against its net deferred tax assets.

10. Shareholders' Equity:

(a) Business combinations

On October 31, 1997, the Company issued 1,600,000 shares of its Class A Common Stock as a portion of the consideration given to purchase the cellular business and assets of Triad (see Note 12).

On December 29, 1995, the shareholders of the Company, Palouse Paging Inc. ("Palouse"), and Sawtooth Paging Inc. ("Sawtooth") approved the merger of Palouse and Sawtooth into wholly owned subsidiaries of the Company. During 1995, certain officers, one of whom is a director, of the Company who are also shareholders of Palouse and Sawtooth provided Palouse and Sawtooth with short-term financing. During 1995, shareholders of Palouse and Sawtooth exchanged their shares for 515,591 and 79,748 shares of the Company's common stock, respectively. Certain shareholders of Palouse and Sawtooth were also officers and non-controlling shareholders of the Company. The Company accounted for the transaction as a stock purchase and paid approximately \$3.1 million and \$0.3 million of outstanding debt, including the debt to shareholders noted above, of Palouse and Sawtooth, respectively.

(b) General Cellular Corporation minority interest

During 1995 the Company completed a cash redemption of the remaining common stock shares (the "Redemption") of General Cellular Corporation's ("GCC"), the Company's predecessor company, common stock. As part of this Redemption, the Company issued 886,210 shares of the Company's common stock for GCC common stock in a one-for-one exchange. This redemption eliminated all minority interest positions in the equity of GCC. The cost in excess of the carrying amounts of the minority interests acquired increased licensing costs and other intangible assets by approximately \$11 million during 1995.

(c) Stock issuances

In January 1998, the Company issued 100,000 shares of its Class A Common Stock pursuant to an Executives Restricted Stock Plan to certain key executives. The vesting of these shares are subject to certain performance thresholds as determined by the Board of Directors.

In November 1997, the Company issued 3,888,888 shares of its Class A common stock (approximately 5% of the outstanding capital stock of the Company) to a subsidiary of Hutchison Telecommunications Limited ("HTL") for a purchase price of approximately \$74 million.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

10. Shareholders' Equity (continued):

In January 1997, the Company issued 95,000 shares of its Class A Common Stock to certain key executives pursuant to an Executives Restricted Stock Plan. The vesting of these shares are subject to certain performance thresholds as determined by the Board of Directors.

During 1996, 10,664,800 shares of common stock were issued and approximately \$233.9 million in net proceeds were received by the Company under a registration statement of the Company's Class A Common Stock filed with the SEC. Prior to this, the Company sold 88,567 shares of its common stock to an officer of the Company at \$11.29 per share for aggregate proceeds of approximately \$1.0 million.

In November 1995, the Board of Directors approved an increase in the number of authorized shares of the Company's common stock from 25 million to 300 million.

During 1995, a wholly owned subsidiary issued 4,300,001 shares of Series A Preferred Stock to certain existing shareholders of the Company at \$35.00 per share for aggregate proceeds of approximately \$150 million, which was comprised of approximately \$14 million of converted debt of shareholders and approximately \$136 million in cash. The preferred stock in the subsidiary was converted into common stock of the Company on a one for 3.1 basis. Additionally, the Company sold 581,901 shares of common stock at \$11.29 per share for cash during 1995 to existing shareholders.

11. Stock-Based Compensation Plans:

On September 20, 1994, the Board of Directors of the Company established the 1994 Management Incentive Stock Option Plan (the "MISOP") which was later amended and approved, as amended, by the shareholders of the Company on November 16, 1995. The MISOP, provides for the issuance of up to 5,890,000 shares of common stock as either Nonstatutory Stock Options or as Incentive Stock Options, the terms and conditions of which are at the discretion of the Administrator of the MISOP.

During 1996, the Board of Directors of the Company approved the 1996 Employee Stock Purchase Plan (the "ESPP") which became effective January 1, 1997, which provides for the issuance of up to 1,000,000 shares of Class A Common Stock to eligible employees participating in the plan. The terms and conditions of eligibility under the ESPP require that an employee must have been employed by the Company or its subsidiaries for at least three months prior to participation. A participant may contribute up to 10% of their total annual compensation toward the ESPP, not to exceed the IRS contribution limit each calendar year. Shares will be offered under this ESPP at 85% of market value at each offer date. Participants are fully vested at all times.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

11. Stock-Based Compensation Plans (continued):

At December 31, 1997, 1996, and 1995 the Company has accounted for the above described MISOP and ESPP following the guidelines of APB Opinion No. 25 and related interpretations. Had compensation cost for the MISOP and the ESPP been determined based upon the fair value at the grant dates for awards under these plans consistent with the method defined in SFAS No. 123, the Company's net loss and basic loss per share would have increased to the pro forma amounts indicated below:

(Dollars in thousands, except per share data)

	Year ended December 31,		
	1997	1996	1995
Net loss:			
As reported.....	\$ (265,634)	\$ (130,105)	\$ (55,954)
Pro forma.....	\$ (271,745)	\$ (134,255)	\$ (57,388)
Basic and diluted loss per share:			
As reported.....	\$ (3.76)	\$ (2.00)	\$ (0.99)
Pro forma.....	\$ (3.84)	\$ (2.06)	\$ (1.02)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model using the following weighted-average assumptions:

	1997	1996	1995
Weighted average risk free interest rates	6.28%	6.33%	6.30%
Expected dividend yield.....	0%	0%	0%
Expected volatility.....	50%	50%	0%
Expected lives (in years).....	7.5	7.5	7.5

The Black-Scholes option-pricing model requires the input of highly subjective assumptions and does not necessarily provide a reliable measure of fair value.

Options granted, exercised and canceled under the above MISOP are summarized as follows :

(In thousands, except pricing information)

	Year ended December 31,					
	1997		1996		1995	
	Shares	Weighted average price	Shares	Weighted average price	Shares	Weighted average price
Outstanding, beginning of period..	4,165	\$ 9.66	3,538	\$ 8.02	2,182	\$ 5.15
Options granted.....	18	\$ 14.65	1,139	\$ 12.54	1,453	\$ 12.15
Options exercised	(208)	\$ 4.85	(384)	\$ 2.28	(39)	\$ 2.02
Options canceled.....	(203)	\$ 13.12	(128)	\$ 12.06	(58)	\$ 7.73
Outstanding, end of the period.....	3,711	\$ 9.79	4,165	\$ 9.65	3,536	\$ 8.02
Exercisable, end of period.....	2,384	\$ 8.23	1,877	\$ 6.36	1,582	\$ 3.69

The weighted average fair value of stock options granted for the years ended 1997 and 1995 was \$9.34 and \$9.79, respectively.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

11. Stock-Based Compensation Plans (continued):

The following table summarizes information about fixed price stock options outstanding at December 31, 1997:

(In thousands, except pricing information)	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
Range of exercise prices					
\$ 1.10 - \$ 4.03	891	5 years	\$ 2.61	849	\$ 2.69
\$ 9.68 - \$ 9.68	680	7 years	\$ 9.68	680	\$ 9.68
\$ 11.29 - \$ 12.90	1,263	8 years	\$ 12.04	653	\$ 12.06
\$ 13.73 - \$ 16.13	897	9 years	\$ 13.84	222	\$ 13.83
\$ 1.10 - \$ 16.13	<u>3,711</u>	7 years	\$ 9.79	<u>2,384</u>	\$ 8.23

12. Acquisitions:

On October 31, 1997, the Company consummated the purchase of the cellular business and assets of Triad in the RSAs designated as Texas 1, 2, 4, and 5, Utah 3, 4 and 6, Oklahoma 7 and 8 and Minnesota 7, 8 and 9, for an aggregate purchase price of (i) approximately \$194.5 million, plus (ii) 1,600,000 shares of the Company's Class A Common Stock. The transaction was accounted for using the purchase method of accounting. In accordance with its agreement with Triad, the Company filed a shelf Registration Statement on Form S-3 covering future resales of such shares. The Company also acquired from Triad certain D and E Block PCS licenses for an aggregate purchase price of approximately \$4.6 million, such amount being the aggregate amount Triad paid the FCC in its successful bids for such licenses in the FCC's auction of such licenses.

During 1996 and 1995 the Company acquired six cellular RSAs and one cellular MSA throughout the western United States. The aggregate cash paid for these transactions was \$35.6 million and \$38.6 million, in 1996 and 1995, respectively. All of these transactions were accounted for using the purchase method of accounting. Six of the transactions were asset purchases while one was a stock purchase in which the Company issued 217,000 shares of common stock at \$11.29 per share. Substantially all of the purchase price of each acquisition was allocated to licensing costs.

In June 1996, the Company purchased a Denver MTA PCS wireless license for \$66.1 million. This transaction was accounted for as an asset purchase.

Exchanges:

In July 1995, the Company exchanged its cellular assets in certain Minnesota markets, its ownership interests in three other markets and \$3.0 million in cash for the cellular assets and license of the Lubbock, TX MSA market. There was no gain or loss recognized on the transaction.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

13. Segment information:

The company's operations are classified into two principal reportable segments: cellular and PCS. The Company provides cellular services in rural markets and provides PCS services in urban markets, both in the western United States. The type of service provided in each segment is similar, although PCS generally offers more features. Certain centralized costs and assets benefit all of the Company's operations. These items are allocated to the segments in a manner which reflects management's judgment as to the nature of the activity causing those items to be incurred.

(Dollars in thousands)	Cellular Operations	PCS Operations	Other Operations	Consolidated
Year ended December 31, 1997				
Total revenues.....	\$ 302,848	\$ 77,730		\$ 380,578
Interest expense.....	\$ 41,405	\$ 57,558		\$ 98,964
Depreciation and amortization expense.....	\$ 65,595	\$ 68,875		\$ 133,470
Operating income (loss).....	\$ 37,280	\$ (198,941)		\$ (159,661)
Total capital expenditures.....	\$ 54,318	\$ 234,432		\$ 318,750
Total assets.....	\$ 866,805	\$ 822,291	\$ 30,677	\$ 1,719,773
Year ended December 31, 1996				
Total revenues.....	\$ 225,546	\$ 17,539		\$ 243,085
Interest expense.....	\$ 41,083	\$ 3,807		\$ 44,890
Depreciation and amortization expense.....	\$ 65,346	\$ 14,395		\$ 79,741
Operating income (loss).....	\$ (5,057)	\$ (81,829)		\$ (86,886)
Total capital expenditures.....	\$ 98,953	\$ 234,362		\$ 333,315
Total assets.....	\$ 622,197	\$ 614,127	\$ 5,379	\$ 1,241,703
Year ended December 31, 1995				
Total revenues.....	\$ 146,555			\$ 146,555
Interest expense.....	\$ 25,368	\$ 40		\$ 25,428
Depreciation and amortization expense.....	\$ 49,187	\$ 269		\$ 49,456
Operating income (loss).....	\$ (20,258)	\$ (3,677)		\$ (23,935)
Total capital expenditures.....	\$ 62,573	\$ 16,891		\$ 79,464
Total assets.....	\$ 465,193	\$ 193,810	\$ 25	\$ 659,028

14. Selected Quarterly Consolidated Financial Information (Unaudited):

Selected quarterly consolidated financial information for the years ended December 31, 1997 and 1996 is as follows:

(Dollars in thousands, except per share data)	Total revenues	Operating loss	Net loss	Basic loss per common share
Quarter ended				
March 31, 1997	\$ 71,500	\$ (37,391)	\$ (55,173)	\$ (0.79)
June 30, 1997	\$ 90,642	\$ (45,269)	\$ (70,025)	\$ (1.00)
September 30, 1997	\$ 104,994	\$ (38,233)	\$ (88,043)	\$ (0.97)
December 31, 1997	\$ 113,382	\$ (38,766)	\$ (72,293)	\$ (0.98)
March 31, 1996	\$ 48,035	\$ (10,505)	\$ (18,574)	\$ (0.31)
June 30, 1996	\$ 58,567	\$ (13,158)	\$ (21,598)	\$ (0.35)
September 30, 1996	\$ 67,339	\$ (27,489)	\$ (38,606)	\$ (0.56)
December 31, 1996	\$ 71,142	\$ (35,734)	\$ (51,330)	\$ (0.74)

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements

15. Related Party Transactions:

In connection with the 2006 Notes and equity offerings during the second quarter of 1996, the Company paid total underwriting fees of approximately \$23.3 million. In connection with the 2007 Notes during the third quarter of 1996, the Company paid total underwriting fees of approximately \$5.5 million. Goldman, Sachs & Co., an affiliate of a shareholder of the Company, was the lead underwriter on each offering.

16. Hutchison Transaction:

In addition to the shares issued by the Company to a subsidiary of HTL (as discussed in Note 10) during the fourth quarter of 1997, the Company and its subsidiary, Western PCS Corporation ("Western PCS"), entered into an agreement with HTL and another subsidiary of HTL (the "HTL Sub") pursuant to which the HTL Sub agreed to purchase 19.9% of Western PCS for an aggregate purchase price of \$248.4 million. In the first quarter of 1998, this purchase received a favorable declaratory ruling by the FCC granting a waiver from the indirect foreign ownership restrictions under the Communications Act of 1934, as amended; and the expiration or early termination of all applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended has passed. The Company and Western PCS have amended certain outstanding financing agreements to which they are subject, and unless otherwise agreed to by HTL Sub and the Company, neither the Company nor Western PCS shall have any liability regarding any indebtedness of the other. The HTL Sub has designated two directors to a ten person Board of Directors of Western PCS who have certain rights with respect to certain transactions and acts of Western PCS. Western PCS and the Company received \$248.4 million in February 1998 upon closing of this transaction.

WESTERN WIRELESS CORPORATION
Schedule I - Condensed Financial Information
(Parent Company Only)
Balance Sheet
(Dollars in thousands)

	As of December 31,	
	1997	1996
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 15,177	\$ 49,762
Accounts receivable, net of allowance for doubtful accounts of \$8,725 and \$3,580, respectively.....	47,082	24,356
Inventory.....	19,794	14,324
Prepaid expenses and other current assets.....	26,264	11,907
Deposit held by FCC.....	25,000	25,000
Total current assets.....	100,317	125,349
Property and equipment, net of accumulated depreciation of \$175,753 and \$96,974, respectively.....	471,646	357,668
Licensing costs and other intangible assets, net of accumulated amortization of \$68,086 and \$53,951, respectively.....	651,538	386,163
Investments in and advances to affiliates.....	157,320	162,986
Other assets.....	10,527	159
	<u>\$ 1,399,348</u>	<u>\$ 1,042,325</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 9,073	\$ 4,238
Accrued liabilities.....	88,227	35,448
Construction accounts payable.....	11,720	48,390
Total current liabilities.....	109,020	88,076
Long-term debt.....	1,095,000	600,000
Shareholders' equity:		
Preferred stock, no par value, 50,000,000 shares authorized; no shares issued and outstanding		
Common stock, no par value, 300,000,000 shares authorized; Class A, 22,201,336 and 14,540,691 shares issued and outstanding and; Class B, 53,431,163 and 55,239,157 shares issued and outstanding, respectively.....	675,036	569,278
Deferred compensation.....	(845)	(800)
Deficit.....	(479,763)	(214,229)
Total shareholders' equity.....	194,428	354,249
	<u>\$ 1,399,348</u>	<u>\$ 1,042,325</u>

See notes to condensed financial information

WESTERN WIRELESS CORPORATION
Schedule I - Condensed Financial Information
(Parent Company Only)
Statements of Operations
(Dollars in thousands, except per share data)

	For the year ended December 31,		
	1997	1996	1995
Revenues:			
Subscriber revenues.....	\$ 257,397	\$ 175,354	\$ 105,430
Roaming revenues.....	39,793	34,065	29,660
Equipment sales and other revenue.....	23,569	18,674	11,465
Total revenues.....	<u>320,750</u>	<u>228,093</u>	<u>146,555</u>
Operating expenses:			
Cost of service.....	62,384	43,914	27,686
Cost of equipment sales.....	42,596	29,414	20,706
General and administrative.....	79,893	53,355	29,057
Sales and marketing.....	80,267	60,394	41,053
Depreciation and amortization.....	93,207	69,869	49,311
Total operating expenses.....	<u>358,347</u>	<u>256,945</u>	<u>167,812</u>
Operating loss.....	<u>(37,588)</u>	<u>(28,853)</u>	<u>(21,257)</u>
Other income (expense):			
Interest and financing expense, net.....	(71,999)	(42,786)	(25,388)
Equity in net loss of affiliates.....	(160,092)	(60,841)	(2,954)
Other, net.....	4,145	2,375	290
Total other income (expense).....	<u>(227,946)</u>	<u>(101,252)</u>	<u>(28,052)</u>
Loss before extraordinary item.....	(265,534)	(130,105)	(49,309)
Extraordinary loss on early extinguishment of debt.....			(8,645)
Net loss.....	<u>\$ (265,534)</u>	<u>\$ (130,105)</u>	<u>\$ (55,954)</u>
Basic loss per common share before extraordinary item.....	\$ (3.76)	\$ (2.00)	\$ (0.87)
Per common share effect of extraordinary item.....			(0.12)
Basic loss per common share.....	<u>\$ (3.76)</u>	<u>\$ (2.00)</u>	<u>\$ (0.99)</u>
Weighted average common shares used in computing basic loss per share	<u>70,692,000</u>	<u>65,196,000</u>	<u>56,470,000</u>

See notes to condensed financial information

WESTERN WIRELESS CORPORATION
Schedule I - Condensed Financial Information
(Parent Company Only)
Statements of Cash Flows
(Dollars in thousands)

	For the year ended December 31,		
	1997	1996	1995
Operating activities:			
Net loss	\$ (265,534)	\$ (130,105)	\$ (55,954)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization.....	93,207	69,869	49,311
Extraordinary loss on early extinguishment of debt.....			6,645
Employee equity compensation.....	1,835	1,029	
Equity in net loss of unconsolidated affiliates.....	180,092	60,841	2,954
Other, net.....	4,476	3,049	864
Changes in operating assets and liabilities, net of effects from consolidating acquired interests:			
Accounts receivable, net.....	(19,903)	(5,707)	(5,748)
Inventory.....	(4,684)	(8,679)	(239)
Prepaid expenses and other current assets.....	(14,863)	(9,658)	307
Accounts payable.....	3,531	(3,448)	(937)
Accrued liabilities.....	43,844	14,655	5,551
Other assets.....	(323)		
Net cash provided by (used in) operating activities.....	1,698	(8,164)	2,754
Investing activities:			
Purchase of property and equipment.....	(169,184)	(208,087)	(66,292)
Additions to licensing costs and other intangible assets.....	(66,771)	(8,210)	(60,304)
Acquisition of wireless properties, net of cash acquired.....	(195,790)	(40,180)	(60,700)
Investments in and advances to unconsolidated affiliates.....	(172,469)	(136,514)	(13,826)
Purchase of subsidiary stock, including fees.....			(5,842)
Deposit held by FCC.....		(23,500)	(1,500)
Refund of deposit held by FCC.....	7,749		
Other assets.....	(10,194)	(880)	880
Net cash used in investing activities.....	(606,659)	(417,371)	(207,584)
Financing activities:			
Proceeds from issuance of common stock, net.....	75,376	235,603	66,236
Additions to long-term debt.....	565,000	763,000	425,000
Payment of debt.....	(70,000)	(512,722)	(277,015)
Deferred financing costs.....		(19,149)	(12,455)
Loans from shareholders.....			3,842
Net cash provided by financing activities.....	570,376	466,732	205,608
Change in cash and cash equivalents.....	(34,585)	41,197	778
Cash and cash equivalents, beginning of year.....	49,762	8,565	7,787
Cash and cash equivalents, end of year.....	\$ 15,177	\$ 49,762	\$ 8,565

See notes to condensed financial information

WESTERN WIRELESS CORPORATION
Schedule I - Condensed Financial Information
(Parent Company Only)
Notes to Condensed Financial Information

This Schedule I and the related notes should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

1. Basis of Presentation:

The condensed financial information presented in Schedule I represents the balance sheet, statements of operations and cash flows of the Company as if the subsidiary that is restricted under the PCS Vendor Facility was an unconsolidated entity. The Company less this subsidiary is referred to as "Parent Company Only" in Schedule I. The Company's ownership in such subsidiary has been reflected in this condensed financial information as if the investment was accounted for using the equity method.

2. Long term debt maturities:

The aggregate amounts of principal maturities as of December 31, 1997, of the Company's debt excluding the PCS Vendor Facility are as follows (dollars in thousands):

Year ending December 31,	
1998.....	\$ 0
1999.....	0
2000.....	0
2001.....	51,000
2002.....	76,250
Thereafter.....	<u>967,750</u>
	<u>\$ 1,095,000</u>

WESTERN WIRELESS CORPORATION
Schedule II Valuation and Qualifying Accounts
Accounts Receivable Allowance for Doubtful Accounts
 (Dollars in thousands)

<u>Description</u>	<u>Balance at beginning of period</u>	<u>Charged to costs and expenses</u>	<u>Charged to other accounts (1)</u>	<u>Deductions (2)</u>	<u>Balance at end of period</u>
Year ended December 31, 1997	\$ 4,266	\$ 16,442	\$ 1,121	\$ (11,898)	\$ 9,931
Year ended December 31, 1996	\$ 2,800	\$ 9,091	\$ (624)	\$ (7,001)	\$ 4,266
Year ended December 31, 1995	\$ 1,772	\$ 4,558	\$ 892	\$ (4,422)	\$ 2,800

(1) Represents market acquisitions and dispositions, late fees and net fraud credits given to customers.
 Write-offs, net of bad debt recovery.

EXHIBIT F

GCC License Corporation

South Dakota P.U.C. Tariff No. 1
Original Page No. 1

GCC LICENSE CORPORATION

3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

RESOLD INTEREXCHANGE SERVICES TARIFF

Rules and regulations applicable for furnishing of Resold Interexchange Services by GCC License Corporation between one or more points in the State of South Dakota as authorized by the Public Utilities Commission. This tariff is on file with the South Dakota Public Utilities Commission and may be inspected during regular business hours. Copies also may be inspected during regular business hours at the principal place of business of GCC License Corporation, 3650 131st Avenue, SE, Suite 400, Bellevue, Washington 98006.

Issued:

Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

DC01/SMITM/72362.1

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CHECK SHEET

Pages 1-28 inclusive of this tariff are effective as of the date shown. Original and revised pages, as named below, comprise all changes from the original tariff in effect on the date indicated.

<u>Page</u>	<u>Revision</u>
1	Original
2	Original
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SYMBOLS

The following are the only symbols used for the purposes indicated below:

- (C) To signify changed regulation
- (D) To signify discontinued material
- (I) To signify rate or charge increase
- (M) To signify material relocated without change in text or rate
- (N) To signify new material
- (R) To signify reduction
- (S) To signify reissued material
- (T) To signify a change in text, but no change in rate or regulation
- (Z) To signify a correction

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TARIFF FORMAT

- A. Page Numbering - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages occasionally are added to the tariff. When a new page is added between pages already in effect, a decimal is added to the page number. For example, a new page added between pages 14 and 15 would be 14.1.
- B. Page Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th revised Page 14 cancels the 3rd revised Page 14. Because of various suspension periods, deferrals, etc. the Commission follows in its tariff approval process, the most current page number on file with the Commission is not always the tariff page in effect.
- C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:
- 2.
 - 2.1.
 - 2.1.1
 - 2.1.1.A.
 - 2.1.1.A.1.
 - 2.1.1.A.1.(a).
 - 2.1.1.A.1.(a).I.
 - 2.1.1.A.1.(a).I.(i).
 - 2.1.1.A.1.(a).I.(i).(1).
- D. Check Sheets - When a tariff filing is made with the Commission an updated check sheet accompanies the tariff filing. The check sheet lists the pages contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated on the check sheet by an asterisk(*). There will be no other symbols used on the check sheet if these are the only changes made to it. The tariff user should refer to the latest check sheet to find out if a particular page is the most current on file with the Commission.

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SECTION 1. DEFINITIONS

Authorized User - Any person, firm, corporation or other entity accessing or utilizing the services furnished by the Company to the Customer.

Billed Party - The person or entity responsible for payment of the Company's service. The Billed Party is the Customer associated with the Calling Station used to place the call, with the following exceptions:

- (a) in the case of a calling card or credit card call, the Billed Party is the holder of the calling card or credit card used by the User; and
- (b) in the case of a collect or third party call, the Billed Party is the person responsible for the local telephone service at the telephone number that agrees to accept charges for the Call.

Call - A completed connection between the Calling and Called station.

Calling Station - The telephone number from which a Call originates.

Called Station - The telephone number called.

Commission - South Dakota Public Utilities Commission.

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SECTION 1. DEFINITIONS (Cont'd)

Common Carrier - A company or entity providing telecommunications services to the public.

Company - GCC License Corporation

Customer - A person, firm, corporation, partnership or other entity, including affiliates or divisions of the Customer, in whose name the telephone number of the Calling Station is registered with the underlying local exchange company. The Customer is responsible for payment of charges to the Company and compliance with all terms and conditions of this tariff.

Day - The period of time from 8:00 a.m. to (but not including) 5:00 p.m., Monday through Friday, as measured by local time at the location from which the Call is originated.

Evening - The period of time from 5:00 p.m. to (but not including) 11:00 p.m., Sunday through Friday and any time during a Holiday, as measured by local time at the location from which the Call is originated.

Holiday - New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Incomplete - Any Call where voice transmission between the Calling and Called station is not established.

Night/Weekend ("N/Wkd") - The period of time from 11:00 p.m. to (but not including) 8:00 a.m., Monday through Friday, any time on Saturday and all day Sunday, except 5:00 p.m. to (but not including) 11:00 p.m., as measured by local time at the location from which the Call is originated.

Prepaid Calling Card - A calling card or other tangible item which (i) contains an Access Number or an access code, (ii) is supplied by the Company or its agent and (iii) permits a User to use the Company's services up to an amount prepaid to the Company. Calls charged to a Prepaid Calling Card will be debited against the amount the User has prepaid.

User - Customer or any Authorized User.

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SECTION 2. TERMS AND CONDITIONS

2.1 Application of Tariff

- 2.1.1 This tariff contains the regulations and rates applicable to intrastate interexchange services provided by the Company. The Company's services are furnished subject to the availability of facilities and the terms and conditions of this tariff.
- 2.1.2 The rates and regulations contained in this tariff apply only to the interexchange services furnished by the Company and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other Common Carrier for use in accessing the services of the Company.

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GCC License Corporation

South Dakota P.U.C. Tariff No. 1
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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.2 Use and Availability of Service

- 2.2.1 Service is furnished to the User for any lawful purpose. Service shall not be used for any unlawful purpose, nor used in such a manner as to interfere unreasonably with the use of service by any other Users.
- 2.2.2 The use of the Company's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, false or invalid numbers, or false calling or credit cards is prohibited.
- 2.2.3 The Company's services may be denied for nonpayment of charges or for other violations of the terms and conditions set forth in this tariff.
- 2.2.4 The use of the Company's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another is prohibited.
- 2.2.5 Service temporarily may be refused or limited because of system capacity limitations.
- 2.2.6 Service is subject to transmission limitations caused by natural (including atmospheric, geographic or topographic) or artificial conditions adversely affecting transmission.
- 2.2.7 Service to any or all Customers may be temporarily interrupted or curtailed due to equipment modifications, upgrades, relocations, repairs and similar activities necessary for proper or improved operations.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.3 Limitation of Liability

- 2.3.1 Because the Company has no control of communications content transmitted over its system, and because of the possibility of errors incident to the provision and use of its service, service furnished by the Company is subject to the terms, conditions and limitations herein specified.
- 2.3.2 The Company is not liable to Users for interruptions in service except as set forth in Section 2.5 of this tariff.
- 2.3.3 The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.
- 2.3.4 The Company shall not be liable for and the User shall indemnify and hold the Company harmless against any claims for loss or damages involving:
 - 2.3.4.A Any act or omission of: (i) the User; or (ii) any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by the Company;
 - 2.3.4.B Interruptions or delays in transmission, or errors or defects in transmission, or failure to transmit when caused by or as a result of acts of God, fire, war, riots, government authorities or causes beyond the Company's control;
 - 2.3.4.C Any unlawful or unauthorized use of the Company's facilities and services;

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.3 Limitation of Liability (Cont'd)

- 2.3.4.D Libel, slander or infringement of copyright arising directly or indirectly from the material transmitted over facilities provided by the Company;
- 2.3.4.E Infringement of patents arising from combining apparatus and systems of the User with facilities provided by the Company;
- 2.3.4.F Claims arising out of any act or omission of the User in connection with service provided by the Company.
- 2.3.4.G Breach in the privacy or security of communications transmitted over the Company's facilities;
- 2.3.4.H Changes in any of the facilities, operations or procedures of the Company that: (1) render any equipment, facilities or services provided or utilized by the User obsolete; (2) require modification or alteration of such equipment, facilities or services; or (3) otherwise affect use or performance of such equipment, facilities or services except where reasonable notice is required by the Company and is not provided to the Customer.
- 2.3.4.I Defacement of or damage to the Customer's premises or personal property resulting from the furnishing of services or equipment on such premises or the installation or removal thereof.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.3 Limitation of Liability (Cont'd)

- 2.3.4.J Any wrongful act of a Company employee where such act is not authorized by the Company and is not within the scope of the employee's responsibilities for the Company;
- 2.3.4.K Any representations made by a Company employee that do not comport, or that are inconsistent, with the provisions of this tariff.
- 2.3.4.L Any noncompleted calls due to network busy conditions; and
- 2.3.4.M Any calls not actually attempted to be completed during any period that service is unavailable.
- 2.3.5 The User shall reimburse the Company for all costs, expenses and fees (including reasonable attorneys' fees and costs) incurred by the Company in its defense against claims set forth in Section 2.3.4.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.3 Limitation of Liability (Cont'd)

- 2.3.6 The Company assumes no responsibility for the availability or performance of any cable or satellite systems or related facilities under the control of other entities that are used to provide service to the User, even if the Company has acted as the User's agent in arranging for such facilities or services.
- 2.3.7 Any claim against the Company shall be deemed waived unless presented in writing to the Company within thirty (30) days after the date of the occurrence that gave rise to the claim.
- 2.3.8 The Company makes no express representations or warranties regarding the service and disclaims any implied warranties, including, but not limited to, warranties of title or implied warranties of merchantability or fitness for a particular purpose. The Company does not authorize anyone to make a warranty of any kind on its behalf and the User should not rely on any such statement.
- 2.3.9 Any liability of the Company for loss or damages arising out of mistakes, omissions, interruptions, delays, errors or defects in the service, the transmission of the service, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service shall in no event exceed an amount equivalent to the proportionate fixed monthly charge to the Customer for service, during the period of time in which such mistakes, omissions, interruptions, delays, errors or defects in the service, its transmission or failure or defect in facilities furnished by the Company occurred.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.4 Responsibilities of the Customer

- 2.4.1 The Customer is responsible for placing any necessary orders, complying with tariff regulations and assuring that Users comply with tariff regulations. The Customer shall ensure compliance with any applicable laws, regulations, orders or other requirements of any governmental entity relating to services provided to the Customer or made available by the Customer to another User. The Customer is also responsible for the payment of charges for all calls originated at the Customer's numbers which are not collect, third party, calling card, or credit card calls.
- 2.4.2 The Customer is responsible for charges incurred for special construction and/or special facilities which the Customer requests and which are ordered by the Company on the Customer's behalf.
- 2.4.3 If required for the provisioning of the Company's services, the Customer must provide any equipment space, supporting structure, conduit and electrical power without charge to the Company.
- 2.4.4 The Customer is responsible for arranging access to its premises at times mutually agreeable to the Company and the Customer when required for Company personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of the Company's services.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.4 Responsibilities of the Customer (Cont'd)

- 2.4.5 The Customer must pay the Company for replacement or repair of damage to the Company's equipment or facilities caused by negligent or improper use on the part of the Customer, Users, or others.
- 2.4.6 The Customer must indemnify the Company for the theft of any Company equipment or facilities installed at the Customer's premises.
- 2.4.7 The Customer agrees, except where the events, incidents or eventualities set forth in this sentence are the result of the Company's gross negligence or willful misconduct, to release, indemnify and hold harmless the Company against any and all loss, claims, demands, suits or other action or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or person, for any personal injury to or death of any person or persons, or for any loss of or damage to any property, whether owned by the Customer or others. The Customer shall reimburse the Company for all costs, expenses and fees (including reasonable attorneys' fees and costs) incurred by the Company in its defense against such actions.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.5 Allowances for Interruptions in Service

2.5.1 General

- 2.5.1.A A service is interrupted when it becomes unusable to the User, e.g., the User is unable to transmit or receive, because of a failure of a component furnished by the Company under this tariff.
- 2.5.1.B An interruption period begins when the User reports a service, facility or circuit to be inoperative and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.
- 2.5.1.C If the User reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, the service, facility or circuit is considered to be impaired but not interrupted. No credit allowances will be made for a service facility or circuit considered by the Company to be impaired.

2.5.2 Limitations on Allowances

- 2.5.2.A No credit allowance will be made for any interruption of service:
 - 2.5.2.A.1 due to the negligence of, or noncompliance with the provisions of this tariff by, any person or entity other than the Company, including but not limited to the Customer or other Common Carriers connected to the service of the Company;

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.5 Allowances for Interruptions in Service (Cont'd)

2.5.2 Limitations on Allowances (Cont'd)

- 2.5.2.A.2 due to the failure of power, equipment, systems or services not provided by the Company;
- 2.5.2.A.3 due to circumstances or causes beyond the control of the Company;
- 2.5.2.A.4 during any period in which the Company is not given full and free access to the Customer's or Company's facilities and equipment for the purpose of investigating and correcting the interruption;
- 2.5.2.A.5 during any period in which the User continues to use the service on an impaired basis;
- 2.5.2.A.6 during any period in which the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements;
- 2.5.2.A.7 that occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and
- 2.5.2.A.8 that was not reported to the Company within thirty (30) days of the date that service was affected.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.5 Allowances for Interruptions in Service (Cont'd)

2.5.3 Application of Credits for Interrupted Services

- 2.5.3.A At the Customer's request, a credit allowance for a continuous interruption of service for more than twenty-four (24) hours will be made in an amount determined by the Company on a case-by-case basis.
- 2.5.3.B Any such interruption will be measured from the time it is reported to or detected by the Company, whichever occurs first.
- 2.5.3.C In the event the User is affected by such interruption for a period of less than twenty-four (24) hours, no adjustment will be made. No adjustments will be earned by accumulating non-continuous periods of interruption.
- 2.5.3.D When an interruption exceeds twenty-four (24) hours, the length of the interruption will be measured in twenty-four (24) hour days. A fraction of a day consisting of less than twelve (12) hours will not be credited and a period of twelve (12) hours or more will be considered an additional day.
- 2.5.3.E A credit allowance will not be given for interruptions caused by the negligence or willful act of the User or interruptions caused by failure of equipment or service not provided by the Company.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.6 Payment of Charges

- 2.6.1 The Customer is responsible for payment of all charges for service furnished to the User.
- 2.6.2 The Company reserves the right to assess late payment charges for Customers whose account(s) carries principal owing from the prior billing period. Any charges not paid in full by the due date indicated on the billing statement may be subject to a late fee of 1.5% per month.
- 2.6.3 The Company reserves the right to assess a fee for any check or other negotiable instrument returned to the Company for any reason.
- 2.6.4 Recurring monthly charges may be invoiced one month in advance. Invoicing cycles are approximately 30 days in length.
- 2.6.5 Customers must notify the Company in writing of any disputed charges within fifteen (15) days of the billing date, otherwise all charges on the invoice will be deemed accepted. All charges remain due and payable at the due date, although a Customer does not have to pay disputed charges while the Company conducts its investigation into the matter.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.8 Deposits

- 2.8.1 The Company will not require deposits from Customers.

2.9 Contested Charges

- 2.9.1 All bills are presumed accurate, and shall be binding on the Customer unless objection is received by the Company no more than fifteen (15) days after such bills are rendered. In the case of a billing dispute between the Customer and the Company for service furnished to the Customer, which cannot be settled with mutual satisfaction, the Customer may take the following course of action no more than fifteen (15) days after the billing date:

- 2.9.1.A First, the Customer may request, and the Company will provide, an in-depth review of the disputed amount. (The undisputed portion and subsequent bills must be paid on a timely basis or the service may be subject to disconnection.) The Company's South Dakota office address is:

GCC License Corporation
685 North LaCrosse Street
Rapid City, SD 57701

- 2.9.1.B Second, if there is still a disagreement about the disputed amount after investigation and review by the Company, the Customer may file an appropriate complaint with the South Dakota Public Utilities Commission. The address and 1-800 number of the Commission are:

State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070
1-800-877-1113

- 2.10.2 Billing inquiries may be directed to the Company at its toll free number: 1-800-635-0304.

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.10 Billing Entity Conditions

2.10.1 When billing functions on behalf of the Company are performed by the local exchange telephone company, or others, the payment conditions and regulations of such companies apply, including any applicable interest and/or late payment charge conditions.

2.11 Taxes

2.11.1 All federal excise taxes, and state and local sales, use and similar taxes are billed as separate items and are not included in the quoted rates.

2.12 Promotions

2.12.1 Upon thirty (30) days prior written notice to the Commission, the Company may from time to time offer services or waive or vary service rates for promotional, market research or other similar business purposes. The varying rates will not exceed those in this tariff for the same services.

2.13 Incomplete Calls/Wrong Number

2.13.1 The Company will not knowingly charge for Incomplete Calls or wrong numbers. Upon the Customer's request and proper verification, the Company shall promptly adjust or credit the Customer's account for charges or payments for any unanswered call inadvertently billed due to the unavailability of Feature Group D or due to another carrier's failure to provide answer supervision. Where answer supervision is not available, any Call for which the duration exceeds one (1) minute shall be presumed to have been answered.

2.14 Directory Assistance

2.14.1 The Company does not provide local directory assistance.

Issued:

Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

DC91/SM/TM/72362.1

SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.15 Operator Services

- 2.15.1 The Company does not provide operator services. All operator assisted calls, including collect calls, calling cards, credit card calls, person-to-person calls, third party calls, and other related operator services will be routed to the Company's underlying carrier.

2.16 Termination of Service

- 2.16.1 A Customer may terminate service, with or without cause, by giving the Company notice. The Company may terminate service with cause without giving the Customer notice.
- 2.16.2 The Customer is responsible for all charges incurred to the Access Number regardless of which party terminates the service. The Customer shall reimburse the Company for all costs, expenses and fees (including reasonable attorneys' fees and costs) incurred by the Company in collecting such charges.

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GCC License Corporation
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Bellevue, Washington 98006

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SECTION 3. EXPLANATION OF RATES

The regulations set forth in this section explain how to apply the rate table associated with the various services offerings described in Section 4.

3.1 Timing of Calls

- 3.1.1 Billing for Calls placed over the Company's underlying carrier's network is based on the duration of the Call. Timing begins when the Called Station is answered, as determined by standard industry methods generally in use for ascertaining answers, including answer supervision hardware by which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. Timing ends when either party hangs up.

3.2 Computation of Charges

- 3.2.1 As set forth in Section 4, calls will be billed in increments of either: (i) an initial eighteen (18) second period and additional six (6) second periods; (ii) an initial thirty (30) second period and additional six (6) second periods; (iii) an initial sixty (60) second period and additional thirty (30) second periods; or (iv) an initial one (1) minute period and additional one (1) minute periods.

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GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

SECTION 4. RATE SCHEDULES

4.1 1+ Long Distance

4.1.1 Description of Service

1+ Long Distance Service is a dedicated or switched telecommunications service providing intrastate and interstate long distance service to residential and business customers who have designated their primary interexchange carriers.

4.1.2 Billing Increments

Dedicated 1+ Long Distance calls are billed in initial 18 second increments and additional increments of 6 seconds. Switched 1+ Long Distance calls are billed in initial 30 second increments and additional increments of 6 seconds.

4.1.3 Rates

A. Monthly Recurring Charge \$ 4.95

B. Dedicated 1+ Long Distance

Outbound Rates/per minute \$.20

Inbound Rates/per minute \$.20

C. Switched 1+ Long Distance

Outbound Rates/per minute \$.20

Inbound Rates/per minute \$.20

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GCC License Corporation
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Bellevue, Washington 98006

GCC License Corporation

South Dakota P.U.C. Tariff No. 1
Original Page No. 25

SECTION 4. RATES SCHEDULES (Cont'd)

4.2 Post-Paid Calling Card Service

4.2.1 Description of Service

Post-Paid Calling Card Service enables Customers to make long distance calls by accessing a long distance calling card platform. Charges incurred are billed to the Customer's account.

4.2.2 Billing Increments

Post-Paid Calling Card Service is billed in initial one minute increments and additional increments of one minute.

4.2.3 Rates

Per minute charge	\$.20
No per call surcharge	

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SECTION 4. RATE SCHEDULES (Cont'd)

4.3 Prepaid Calling Card Service

4.3.1 Description of Service

Prepaid Calling Card Service enables Customers to make long distance calls by accessing a long distance pre-paid calling card platform. Charges are paid for by Customers in advance and their account decrements on a real-time basis.

4.3.2 Billing Increments

Prepaid Calling Card Service calls are billed in initial one minute increments and additional increments of one minute.

4.3.3 Rates

Per minute charge	\$.20
No per call surcharge	

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GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

4.4.1 Description of Service

4.4.2 Billing Increments

4.4.3 Rates

Rates/per minute	\$.20
------------------	--------

Effective:

DC01/SM-ITM/72362.1

GCC License Corporation

South Dakota P.U.C. Tariff No. 1
Original Page No. 28

SECTION 4. RATE SCHEDULES (Cont'd)

4.5 Personalized 800 Service

4.5.1 Description of Service

Personalized 800 service assigns Customers an individual toll free 800/888 telephone number. Intrastate and interstate long distance calls to the Customer's assigned 800/888 number will be billed to the Customer and will be toll free to callers.

4.5.2 Billing Increments

Personalized 800 Service calls are billed in initial 30 second increments and additional increments of 6 seconds.

4.5.3 Rates

A.	Monthly Recurring Charge	\$ 10.00
B.	Rates/per minute	\$.05

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Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

DC01/SM/TM/72362.1

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

1200 19TH STREET, N.W.

SUITE 500

WASHINGTON, D.C. 20036

(202) 955-9800

NEW YORK, NY
LOS ANGELES, CA
MIAMI, FL
CHICAGO, IL
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BANGKOK, THAILAND
JAKARTA, INDONESIA
MANILA, THE PHILIPPINES
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FACSIMILE

(202) 955-9782

DIRECT LINE (202) 955-9587

E-MAIL: memith@kelleydrye.com

April 1, 1999

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APR 02 1999

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

VIA FEDERAL EXPRESS

Mr. William Bullard, Jr.
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Re: GCC License Corporation Application for Certificate of Authority --
TC99-016

Dear Mr. Bullard:

On March 19, 1999, the South Dakota Public Utilities Commission received the above-referenced amended application of GCC License Corporation ("GCC"). By faxed letter dated March 23, 1999, Staff requested certain information and tariff revisions. GCC hereby provides the following information:

1. The provisions in GCC's tariff at 2.3.4.J, 2.3.4.K, 2.3.4.L, 2.3.5, 2.3.7, 2.3.9, 2.4.6, 2.4.7, 2.5.3.A and 2.16.2 that limit liability of the company contrary to SDCL 49-13-1 and 49-13-1.1 are rescinded. *See attached tariff sheets.*
2. Applicant GCC does not have its own financial documents as listed in ARSD 20:10:24:02(8). Please rely on the financials of its ultimate corporate parent Western Wireless Corporation attached to the application as Exhibit E.
3. The amount of the return check charge referenced at tariff 2.6.3 is \$15.00. *See attached tariff sheets.*
4. At tariff 2.6.5 and 2.9.1, "15 days" is changed to "180 days." *See attached tariff sheets.*

VIA FEDERAL EXPRESS

Mr. William Bullard, Jr.

South Dakota Public Utilities Commission

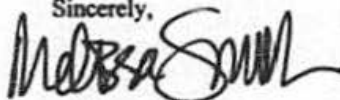
April 1, 1999

Page Two

5. At tariff 2.9.1.B, the SDPUC's 800 number is corrected to 800-332-1782. *See attached tariff sheets.*

Enclosed please find 2 copies of this letter and 10 copies of the revised tariff sheets. Also enclosed is a duplicate copy of this filing and self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and enclose it in the envelope provided. Please do not hesitate to contact me if you have any further questions.

Sincerely,



Melissa M. Smith

Enclosures

cc: Harlan Best, Utility Analyst
Camron Hoseck, Staff Attorney

SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.3 Limitation of Liability (Cont'd)

- 2.3.4.J Any calls not actually attempted to be completed during any period that service is unavailable.

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Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

DC01/SM/TM/72362.1

SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.3 Limitation of Liability (Cont'd)

- 2.3.5 The Company assumes no responsibility for the availability or performance of any cable or satellite systems or related facilities under the control of other entities that are used to provide service to the User, even if the Company has acted as the User's agent in arranging for such facilities or services.
- 2.3.6 The Company makes no express representations or warranties regarding the service and disclaims any implied warranties, including, but not limited to, warranties of title or implied warranties of merchantability or fitness for a particular purpose. The Company does not authorize anyone to make a warranty of any kind on its behalf and the User should not rely on any such statement.

Issued:

Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.4 Responsibilities of the Customer (Cont'd)

- 2.4.5 The Customer must pay the Company for replacement or repair of damage to the Company's equipment or facilities caused by negligent or improper use on the part of the Customer, Users, or others.

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GCC License Corporation
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Bellevue, Washington 98006

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.5 Allowances for Interruptions in Service (Cont'd)

2.5.3 Application of Credits for Interrupted Services

- 2.5.3.A Any such interruption will be measured from the time it is reported to or detected by the Company, whichever occurs first.
- 2.5.3.B In the event the User is affected by such interruption for a period of less than twenty-four (24) hours, no adjustment will be made. No adjustments will be earned by accumulating non-continuous periods of interruption.
- 2.5.3.C When an interruption exceeds twenty-four (24) hours, the length of the interruption will be measured in twenty-four (24) hour days. A fraction of a day consisting of less than twelve (12) hours will not be credited and a period of twelve (12) hours or more will be considered an additional day.
- 2.5.3.D A credit allowance will not be given for interruptions caused by the negligence or willful act of the User or interruptions caused by failure of equipment or service not provided by the Company.

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Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.6 Payment of Charges

- 2.6.1 The Customer is responsible for payment of all charges for service furnished to the User.
- 2.6.2 The Company reserves the right to assess late payment charges for Customers whose account(s) carries principal owing from the prior billing period. Any charges not paid in full by the due date indicated on the billing statement may be subject to a late fee of 1.5% per month.
- 2.6.3 The Company reserves the right to assess a fee of \$15.00 for any check or other negotiable instrument returned to the Company for any reason.
- 2.6.4 Recurring monthly charges may be invoiced one month in advance. Invoicing cycles are approximately 30 days in length.
- 2.6.5 Customers must notify the Company in writing of any disputed charges within one hundred eighty (180) days of the billing date, otherwise all charges on the invoice will be deemed accepted. All charges remain due and payable at the due date, although a Customer does not have to pay disputed charges while the Company conducts its investigation into the matter.

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Bellevue, Washington 98006

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SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.8 Deposits

- 2.8.1 The Company will not require deposits from Customers.

2.9 Contested Charges

- 2.9.1 All bills are presumed accurate, and shall be binding on the Customer unless objection is received by the Company no more than one hundred eighty (180) days after such bills are rendered. In the case of a billing dispute between the Customer and the Company for service furnished to the Customer, which cannot be settled with mutual satisfaction, the Customer may take the following course of action no more than one hundred eighty (180) days after the billing date:

- 2.9.1.A First, the Customer may request, and the Company will provide, an in-depth review of the disputed amount. (The undisputed portion and subsequent bills must be paid on a timely basis or the service may be subject to disconnection.) The Company's South Dakota office address is:

GCC License Corporation
685 North LaCrosse Street
Rapid City, SD 57701

- 2.9.1.B Second, if there is still a disagreement about the disputed amount after investigation and review by the Company, the Customer may file an appropriate complaint with the South Dakota Public Utilities Commission. The address and 1-800 number of the Commission are:

State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070
1-800-332-1782

- 2.10.2 Billing inquiries may be directed to the Company at its toll free number: 1-800-635-0304.

Issued:

Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

SECTION 2. TERMS AND CONDITIONS (Cont'd)

2.15 Operator Services

2.15.1 The Company does not provide operator services. All operator assisted calls, including collect calls, calling cards, credit card calls, person-to-person calls, third party calls, and other related operator services will be routed to the Company's underlying carrier.

2.16 Termination of Service

2.16.1 A Customer may terminate service, with or without cause, by giving the Company notice. The Company may terminate service with cause without giving the Customer notice.

Issued:

Effective:

Christopher Johnson
GCC License Corporation
3650 131st Avenue, SE, Suite 400
Bellevue, Washington 98006

DC01/SM/TM/72362.1



South Dakota Public Utilities Commission

State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070



April 5, 1999

Ms. Melissa M. Smith
Kelley Drye & Warren LLP
1200 19th Street N.W., Suite 500
Washington, D.C. 20036

Re: GCC License Corporation Application for
Certificate of Authority
Docket TC99-016

Dear Ms. Smith:

This is in response to your transmittal to our office of April 1, 1999, the data requests submitted by staff. In particular, I make reference to your response to no. 2. In reading the rule ARSD 20:10:24:02(8), you will note that this is phrased in terms of the applicant's latest annual report, report to stockholders, and tariff. Further, the introductory language to this rule speaks in terms of "each telecommunications company" required to get a certificate of authority. Staff views this language as requiring that the financials be developed for the particular applicant and not the parent corporation.

Please be advised that staff's position on this matter is that unless and until GCC submits its own financials, that it will not and should not obtain a certificate of authority in South Dakota. We are willing to work with you and give you enough time for this information to be developed. However, if it is your client's position that it will not be developed, it is staff's intention to present this matter to the Commission and recommend disapproval.

Should you have any further questions, please feel free to give either Mr. Best or me a call.

Very truly yours,

Camron Hoseck
Staff Attorney

CH:dk

Capitol Office
Telephone (605)773-3281
FAX (605)773-3809

Transportation/
Warehouse Division
Telephone (605)773-5258
FAX (605)773-3225

Consumer Hotline
1-800-333-1782

TTY Through
Relay South Dakota
1-800-877-1113

Internet Website:
www.puc.state.sd.us/puc/

Jim Burg
Chairman
Pam Nelson
Vice-Chairman
Lanka Schoenfelder
Commissioner

William Bullard Jr.
Executive Director

Harlan Best
Martin C. Bettmann
Sue Cichos
Karen E. Cremer
Michele M. Ferris
Marlette Fischbach
Shirleen Fogitt
Lewis Hammond
Loni Healy
Camron Hoseck
Lisa Hull
Dave Jacobson
Katie Johnson
Bob Keadle
Debra Kellho
Jeffrey P. Lamm
Charlene Lund
Terry Norum
Gregory A. Rindov
Keith Senger
Rosalynne Alts Wiest

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

1200 19TH STREET, N.W.

SUITE 500

WASHINGTON, D.C. 20036

(202) 955-9600

FACSIMILE

(202) 955-9792

DIRECT LINE (202) 955-9667

E-MAIL: msmith@kelleydrye.com

NEW YORK, NY

LOS ANGELES, CA

MIAMI, FL

CHICAGO, IL

STANFORD, CT

PARSIPPANY, NJ

BRUSSELS, BELGIUM

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June 2, 1999

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JUN 03 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

VIA FEDERAL EXPRESS

Mr. William Bullard, Jr.
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Re: Bond of GCC License Corporation - Docket No. TC99-016.

Dear Mr. Bullard:

On March 19, 1999, the South Dakota Public Utilities Commission ("Commission") received the amended application of GCC License Corporation ("GCC") for authority to provide resold toll telecommunications services. By letter dated April 1, 1999, GCC responded to the Commission's March 23, 1999 data requests. Per Staff request, GCC hereby files an original and 2 copies of a bond.

Enclosed please also find a duplicate copy of this filing and self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and enclose it in the envelope provided. Please do not hesitate to contact me if you have any further questions.

Sincerely,



Melissa M. Smith

Enclosures

cc: Harlan Best, Utility Analyst
Camron Hoseck, Staff Attorney

DC01/SMITH/03023.1

*orig. returned
on 6/4/99
defective & CA*

LICENSE OR
PERMIT BOND

Bond B2922588

LICENSE OR PERMIT BOND

KNOW ALL BY THESE PRESENTS, That we, GCC LICENSE CORPORATION

as Principal, and the UNITED PACIFIC INSURANCE COMPANY, a Pennsylvania corporation, as Surety, are
held and firmly bound unto SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

, as Obligor,

in the sum of Twenty Five Thousand and 00/100 Dollars (\$ 25,000.00)

for which sum, well and truly to be paid, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and
severally, firmly by these presents.

Signed and sealed this 20th day of May, 1999.

THE CONDITION OF THIS OBLIGATION IS SUCH, That WHEREAS, the Principal has been or is about to be granted a
license or permit to do business as a telephone company
by the Obligor.

NOW, Therefore, if the Principal well and truly comply with applicable local ordinances, and conduct business in conformity therewith,
then this obligation to be void; otherwise to remain in full force and effect.

PROVIDED, HOWEVER: 1. This
bond shall continue in force:

☐ Until _____, or until the date of expiration of any Continuation Certificate
executed by the Surety

OR

☒ Until canceled as herein provided.

2 This bond may be canceled by the Surety by the sending of notice in writing to the Obligor, stating when, not less than thirty days
thereafter, liability hereunder shall terminate as to subsequent acts or omissions of the Principal.

GCC LICENSE CORPORATION

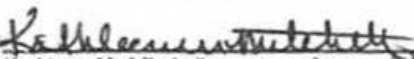
Principal

By 

Countersigned

By: 

UNITED PACIFIC INSURANCE COMPANY

By: 

Kathleen M. Mitchell

Attorney-in-Fact

**RELIANCE SURETY COMPANY
UNITED PACIFIC INSURANCE COMPANY**

**RELIANCE INSURANCE COMPANY
RELIANCE NATIONAL INDEMNITY COMPANY**

ADMINISTRATIVE OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that RELIANCE SURETY COMPANY is a corporation duly organized under the laws of the State of Delaware, and that RELIANCE INSURANCE COMPANY and UNITED PACIFIC INSURANCE COMPANY, are corporations duly organized under the laws of the Commonwealth of Pennsylvania and that RELIANCE NATIONAL INDEMNITY COMPANY is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called "the Companies") and that the Companies by virtue of signature and seals do hereby make, constitute and appoint Kathleen M. Mitchell, David J. Buelow, Theresa A. Lamb, Lawrence J. Newton, of Seattle, Washington their true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on their behalf, and as their act and deed any and all bonds and undertakings of suretyship and to bind the Companies thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the Companies and sealed and attested by one other of such officers, and hereby ratifies and confirms all that their said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by the authority of Article VII of the By-Laws of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKINGS

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorney(s)-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recommitments, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney(s)-in-Fact at any time and revoke the power and authority given to them.

2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recommitments, contracts of indemnity and other writings obligatory in the nature thereof. The purpose and use is not necessary for the validity of any bonds and undertakings recommitments, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorney(s)-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recommitments, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statements of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This Power of Attorney is signed and sealed by facsimile under and by authority of the following resolution adopted by the Executive and Finance Committees of the Board of Directors of Reliance Insurance Company, United Pacific Insurance Company and Reliance National Indemnity Company by Unanimous Consent dated as of February 28, 1994 and by the Executive and Financial Committee of the Board of Directors of Reliance Surety Company by Unanimous Consent dated as of March 31, 1994.

"Resolved that the signatures of each directors and officers and the seal of the Company may be affixed to any such Power of Attorney or any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such Power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company, in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the Companies have caused these presents to be signed and their corporate seals to be hereto affixed, this July 22, 1995.



RELIANCE SURETY COMPANY
RELIANCE INSURANCE COMPANY
UNITED PACIFIC INSURANCE COMPANY
RELIANCE NATIONAL INDEMNITY COMPANY

STATE OF Washington }
COUNTY OF King } ss.

Mark W. Alsop

On this, July 22, 1995, before me, Laura L. Wadsworth, personally appeared Mark W. Alsop, who acknowledged himself to be the Vice President of the Reliance Surety Company, Reliance Insurance Company, United Pacific Insurance Company, and Reliance National Indemnity Company and that as such, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as its duly authorized officer.

In witness whereof, I hereunto set my hand and official seal.



Laura L. Wadsworth
Notary Public in and for the State of Washington
Residing at Puyallup

I, Robyn Layng, Assistant Secretary of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 20th day of May, year of 1995



Robyn Layng
Assistant Secretary



June 22, 1999

RECEIVED

JUN 25 1999

Via US Mail

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Mr. Cameron Hoseck
Staff Attorney
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

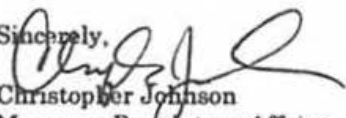
Re: GCC License Corporation - Bond
Docket TC99-016

Dear Mr. Hoseck.

Enclosed please find the bond of GCC License Corporation necessary for the issuance of a certificate of authority from the Commission. As per your instructions, the obligee has been amended to include, "the consumers of the State of South Dakota".

Should you have any questions or comments please do not hesitate to contact me at your convenience.

Sincerely,


Christopher Johnson
Manager, Regulatory Affairs

cc: Melissa Smith

*Original Bond
is in Nelson's
bottom desk drawer.*

LICENSE OR
PERMIT BOND

Bond B2922588

LICENSE OR PERMIT BOND

KNOW ALL BY THESE PRESENTS, That we, GCC LICENSE CORPORATION

as Principal, and the UNITED PACIFIC INSURANCE COMPANY, a Pennsylvania corporation, as Surety, are held and firmly bound unto SOUTH DAKOTA PUBLIC UTILITIES COMMISSION and the consumers of the State of South Dakota, as Obligees, in the sum of Twenty Five Thousand and 00/100 Dollars (\$ 25,000.00) for which sum, well and truly to be paid, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

Signed and sealed this 20th day of May, 1999.

THE CONDITION OF THIS OBLIGATION IS SUCH, That WHEREAS, the Principal has been or is about to be granted a license or permit to do business as a telephone company by the Obligees.

NOW, Therefore, if the Principal well and truly comply with applicable local ordinances, and conduct business in conformity therewith, then this obligation to be void; otherwise to remain in full force and effect.

PROVIDED, HOWEVER; 1. This bond shall continue in force:

☐ Until _____, or until the date of expiration of any Continuation Certificate executed by the Surety

OR

☒ Until canceled as herein provided.

2 This bond may be canceled by the Surety by the sending of notice in writing to the Obligees, stating when, not less than thirty days thereafter, liability hereunder shall terminate as to subsequent acts or omissions of the Principal.

GCC LICENSE CORPORATION

Principal

By [Signature]

Countersigned

By: [Signature]

UNITED PACIFIC INSURANCE COMPANY

By: [Signature]

Kathleen M. Mitchell

Attorney-in-Fact

**RELIANCE SURETY COMPANY
UNITED PACIFIC INSURANCE COMPANY**

**RELIANCE INSURANCE COMPANY
RELIANCE NATIONAL INDEMNITY COMPANY**

ADMINISTRATIVE OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that RELIANCE SURETY COMPANY is a corporation duly organized under the laws of the State of Delaware, and that RELIANCE INSURANCE COMPANY and UNITED PACIFIC INSURANCE COMPANY, are corporations duly organized under the laws of the Commonwealth of Pennsylvania and that RELIANCE NATIONAL INDEMNITY COMPANY is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called "the Companies") and that the Companies by virtue of signature and seals do hereby make, constitute and appoint Kathleen M. Mitchell, David J. Bushlow, Theresa A. Lamb, Lawrence J. Newton, of Seattle, Washington their true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on their behalf, and as their act and deed any and all bonds and undertakings of suretyship and to bind the Companies thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the Companies and sealed and attested by one other of such officers, and hereby ratifies and confirms all that their said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by the authority of Article VII of the By-Laws of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKINGS

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officers designated by the Board of Directors shall have power and authority to appoint Attorney(s)-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, receipts, releases, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to execute any such Attorney(s)-in-Fact at any time and revoke the power and authority given to them.

2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, receipts, releases, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings receipts, releases, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorney(s)-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, receipts, releases, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This Power of Attorney is signed and sealed by facsimile order and by authority of the following resolutions adopted by the Executive and Finance Committees of the Board of Directors of Reliance Insurance Company, United Pacific Insurance Company and Reliance National Indemnity Company by Unanimous Consent dated as of February 28, 1994 and by the Executive and Finance Committee of the Board of Directors of Reliance Surety Company by Unanimous Consent dated as of March 31, 1994.

"Resolved that the signatures of such directors and officers and the seal of the Company may be affixed to any such Power of Attorney or any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such Power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company, in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the Companies have caused these presents to be signed and their corporate seals to be hereto affixed, this July 22, 1998.



RELIANCE SURETY COMPANY
RELIANCE INSURANCE COMPANY
UNITED PACIFIC INSURANCE COMPANY
RELIANCE NATIONAL INDEMNITY COMPANY

Mark W. Alsop

STATE OF Washington }
COUNTY OF King } ss.

On this, July 22, 1998, before me, Laura L. Wadsworth, personally appeared Mark W. Alsop, who acknowledged himself to be the Vice President of the Reliance Surety Company, Reliance Insurance Company, United Pacific Insurance Company, and Reliance National Indemnity Company and that as such, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as its duly authorized officer.

In witness whereof, I hereunto set my hand and official seal.



Laura L. Wadsworth
Notary Public in and for the State of Washington
Residing at Puyallup

I, Robyn Layng, Assistant Secretary of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 22nd day of July, year of 1998.



Robyn Layng
Assistant Secretary

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF)
GCC LICENSE CORPORATION FOR A)
CERTIFICATE OF AUTHORITY TO PROVIDE)
TELECOMMUNICATIONS SERVICES IN)
SOUTH DAKOTA)

ORDER GRANTING
CERTIFICATE OF
AUTHORITY

TC99-016

On February 19, 1999, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, received an application for a certificate of authority from GCC License Corporation (GCC).

An amended application for a certificate of authority was received on March 19, 1999. GCC seeks authority to provide resold intrastate interexchange telecommunications services statewide, including presubscription long distance, calling card, prepaid calling card, 10XXX and "personalized 800 service." A proposed tariff was filed by GCC. The Commission has classified long distance service as fully competitive.

On February 25, 1999, the Commission electronically transmitted notice of the filing and the intervention deadline of March 12, 1999, to interested individuals and entities. No petitions to intervene or comments were filed and at its June 22, 1999, meeting, the Commission considered GCC's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to GCC furnishing the Commission with a corrected surety bond.

The Commission finds that it has jurisdiction over this matter pursuant to Chapter 49-31, specifically 49-31-3 and ARSD 20:10:24:02 and 20:10:24:03. The Commission finds that GCC has met the legal requirements established for the granting of a certificate of authority. GCC has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. The Commission approves GCC's application for a certificate of authority, subject to GCC furnishing the Commission with a corrected surety bond. As the Commission's final decision in this matter, it is therefore

ORDERED, that GCC's application for a certificate of authority is hereby granted, subject to its filing a corrected surety bond with the Commission. It is

FURTHER ORDERED, that GCC shall file informational copies of tariff changes with the Commission as the changes occur.

Dated at Pierre, South Dakota, this 25th day of June, 1999.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Delaine Kaebo

Date: 6/25/99

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

CERTIFICATE OF AUTHORITY

To Conduct Business As A Telecommunications Company
Within The State Of South Dakota

Authority was Granted June 22, 1999
Docket No. TC99-016

This is to certify that

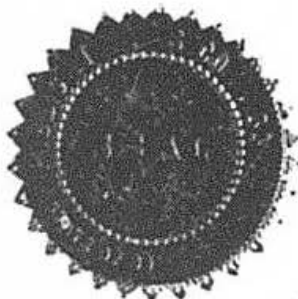
GCC LICENSE CORPORATION

is authorized to provide telecommunications services in South Dakota.

This certificate is issued in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services.

Dated at Pierre, South Dakota, this 25th day of June, 1999.

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:**




JAMES A. BURG, Chairman


PAM NELSON, Commissioner


LASKA SCHOENFELDER, Commissioner