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AOR 1996-49

Mr. Lawrence M. Noble, Esq.
General Counsel
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: Advisory Opinion Request

Dear Mr. Noble:

On behalf of our client PRIMECO Personal Communications, L.P. ("PrimeCo"), we respectfully request an Advisory Opinion pursuant to 11 C.F.R. 112.1 from the Federal Election Commission ("Commission") regarding whether the activities outlined in part B below are permissible pursuant to the Federal Election Campaign Act of 1971 (the "Act").[1]

A. Statement of Facts

1. The PrimeCo Partnership

PrimeCo was established as of October 20, 1994, as a non-corporate joint venture partnership by PCSCO Partnership (hereinafter "PCSCO"), and PCS Nucleus, L.P. (hereinafter "PCSN"), pursuant to the provisions of the Delaware Revised Uniform Limited Partnership Act[2]. PCSCO and PCSN each hold a 20% general partnership interest, and a 30% limited partnership interest, for a total 50% interest each in PrimeCo. PCSN is a Delaware Limited Partnership 50% owned by AirTouch Communications, a California corporation, and 50% owned by U S West, a Colorado corporation.

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1 2 U.S.C. 431 et seq.

2 6 Del. C. § 17-1102 (1995).

PCSCO is a Delaware General Partnership 50% owned by NYNEX PCS, Inc., a Delaware corporation, and 50% owned by Bell Atlantic Personal Communications, Inc., a Delaware corporation. NYNEX PCS, Inc. is a wholly-owned subsidiary of NYNEX Corporation. Bell Atlantic Personal Communications, Inc., is a wholly-owned subsidiary of Bell Atlantic Corporation. PCSCO and PCSN will hereafter be referred to as the "partners," or each separately as a "partner," and the corporations making up these partnerships will be referred to as the "constituent corporations."

On April 21, 1996, Bell Atlantic Corporation and NYNEX announced an agreement to merge their operations. The resulting corporation will be known as Bell Atlantic Corporation. Regulatory approvals are pending from federal and state agencies and are expected by the first quarter of 1997. With respect to PrimeCo, once the merger is effective Bell Atlantic will own 50% rather than 25% of PrimeCo, and NYNEX will remain as a wholly-owned subsidiary of Bell Atlantic.[3] We respectfully request the Commission to assume that this merger is effective for the purposes of this Advisory Opinion Request.

2. PrimeCo Management

An Executive Committee is responsible for managing the business and affairs of PrimeCo, including hiring, and delegating responsibility to officers, employees, agents and representatives as appropriate. Three members of the Executive Committee represent Bell Atlantic and NYNEX, and three members represent AirTouch and US WEST.[4] PrimeCo shares no executive or administrative personnel with either the partners or the constituent corporations.[5] Neither of the partners has the right to take any action on behalf of PrimeCo unless expressly authorized by the Executive Committee.[6]

Each general partner (i.e., PCSCO and PCSN) has the right to select three members of the six member Executive Committee, and each person selected by a general partner must be an officer or former employee of the partner or affiliate of the partner, and may be removed or replaced by the partner that made the appointment. If only one member appointed by a general partner is present, that member may vote the entire voting power held by all members appointed by such general partner, but if more than one member appointed by a given general partner is

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3 See Appendix A (diagram showing these ownership relationships); see also Appendix B (Partnership Agreement forming PrimeCo); and Appendix C (April 21, 1996 amended and restated merger agreement between NYNEX and Bell Atlantic).

4 See Appendix D (list of members of the Executive Committee and PrimeCo's officers).

5 Partnership Agreement, §5.1.7 at 21.

6 Id., § 5.1.1 at 20.

present, such members shall vote that general partner's entire voting power as a single unit.[7] In the event of disagreement among representatives of a partner, the representative designated as senior by the partner shall control and the other votes shall be disregarded.[8] A unanimous vote is required for certain key issues affecting the partnership, such as in admitting additional partners, engaging in any business other than the PCS business, amending the agreement or dissolving the partnership.[9] In the event of a deadlock, the partners shall first try to resolve it through good faith efforts, and if that fails, the measure is considered defeated.[10]

3. Parent Company Political Action Committees

As summarized below, it is our understanding that each of the four constituent corporations of PrimeCo has established at least one political committee.[11] It is our understanding that neither PCSCO nor PCSN has established political committees.

Bell Atlantic Corporation has established Bell Atlantic Corporation Political Action Committee, which is a qualified, non-party related organization connected to Bell Atlantic Corporation. It has also established several other political committees, including Bell Atlantic-Pennsylvania Inc. Federal PAC (FKA PA Bell PAC), New Jersey Bell Telephone Company Federal PAC (NJB PAC) and Chesapeake & Potomac Telephone Co. Federal PAC, and has an affiliated organization called Diamond State Telephone Co. PAC (DST PAC).

NYNEX Corporation has established NYNEX Employees' Federal Political Action Committee, which is a qualified, non-party related organization connected to NYNEX Corporation. It has also established the following political committees: New England Telephone & Telegraph Co. Federal PAC (NET-FED-PAC), and New York Telephone Federal PAC.

US WEST has established US WEST Inc. Political Action Committee (US WEST PAC), which is a non-connected, qualified, non-party related organization. AirTouch Communications has established AirTouch Communications Political Action Committee (ATC PAC), which is a non-party related organization connected to AirTouch Communications.

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7 Id., § 5.1.7 at 21.

8 Id.

9 See Partnership Agreement, § 5.1.7 at 21.

10 Id., § 5.1.12 at 24.

11 We do not represent that these are all of the political committees established by the constituent corporations. Profiles of each corporate partner are contained in Appendix E.

4. Purpose of PrimeCo Political Committee

PrimeCo was formed by the constituent corporations to acquire, manage and maintain personal communications services (PCS) licenses,[12] which is a separate and distinct line of business from that engaged in by the partners or the constituent corporations. For example, as a wireless service PCS is a direct competitor to cellular telephone services and wireline telephone services. It operates on a different, and lower-power frequency band than cellular and can transmit both video and voice, which cellular cannot. Therefore, its political interests can, and often are, different from those of the constituent corporations.

PrimeCo therefore seeks to have an independent and distinct voice on political issues as is its right under the Constitution. In that regard, PrimeCo's officers and employees intend to establish a non-connected political committee. The committee intends to solicit political contributions from PrimeCo officers and employees, and other permissible persons as provided in the Act and Commission rules, but not from officers and employees of either PCSCO or PCSN, or the constituent corporations. Further, it is PrimeCo's intent that the political committees established by the constituent corporations of PrimeCo's partners will not solicit contributions from PrimeCo officers and employees.

B. Issues Presented

1. Would PrimeCo's non-connected political committee[13] be considered affiliated with existing political committees established by the constituent corporations?

2. If PrimeCo's political committee is considered to be affiliated with one or more political committees established by the constituent corporations, would such corporation(s) be permitted to pay for the expenses of PrimeCo's political committee?

3. If PrimeCo's political committee is considered to be affiliated with one or more political committees established by the constituent corporations, would PrimeCo's political committee be able to solicit contributions from officers and employees of the connected organizations of such committee(s)?

4. Instead of establishing a non-connected political committee, could PrimeCo establish a separate segregated fund (SSF)?

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[12] See Partnership Agreement, § 2.3 at 11.

[13] PrimeCo is permitted by the Act, the Commission's rules and prior Advisory Opinions, to establish a non-connected political committee. See, e.g., AOs 1981-54 and 1981-56.

5. If so, would the SSF be considered to be affiliated with any of the political committees sponsored by the constituent corporations?

C. Discussion

1. PRIMECO's Non-Connected Political Committee is not affiliated with any political committees established by the constituent corporations.

The Commission should find that a non-connected political committee established by PrimeCo is not affiliated with political committees established by the constituent corporations. The Act and the Commission's regulations provide that contributions received and made by political committees "established or financed or maintained or controlled by the same corporation" including its subsidiaries, are subject to a single set of contribution limits.[14] As a joint venture partnership, PrimeCo does not meet this test.

First, on its face, and as set forth clearly in the partnership agreement, PrimeCo is not a subsidiary of either the partners or the constituent corporations, and therefore is not affiliated with them. In fact, section 1.4 of the agreement clearly states, "the partnership shall not be deemed to be an Affiliate of PCSCO or PCSN or any of their respective Affiliates."[15] Second, PrimeCo does not meet the tests indicating affiliation set forth in 11 C.F.R. 100.5(g)(4)(ii)(A)-(J) and 110.3(a)(3).[16] These tests, and the facts relating to PrimeCo for each are summarized below.

(A) Whether a sponsoring organization owns controlling interest in the voting stock or securities of the sponsoring organization of another committee.

None of the constituent corporations have ownership of a controlling interest in PrimeCo's voting shares or securities, although each partner is both a general and limited partner

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[14] 2. U.S.C. 441a(a)(5), 11 C.F.R. 100.5(g)(2), 110.3(a)(1).

[15] For purposes of the agreement, affiliates of PCSCO specifically include Bell Atlantic and NYNEX, and affiliates of PCSN include AirTouch and US WEST, and their respective affiliates. See Partnership Agreement § 1.4 at 2.

[16] PrimeCo acknowledges that once the Bell Atlantic-NYNEX merger becomes effective, the succeeding entity, which will be known as Bell Atlantic, will have 100% ownership of PCSCO, but PCSCO Partnership will still own only 50% of PrimeCo. However, Bell Atlantic cannot exercise "control" over PrimeCo by virtue of this ownership interest because it has the power to appoint only three of the six members of the Executive Committee. In particular, a unanimous decision is required for key partnership decisions, and in the event of disagreement, the measure is considered defeated.

for a 50% ownership of PrimeCo. While the constituent corporations own direct and indirect interests in the partnerships as set forth in part A above, they do not own direct or indirect interests in PrimeCo itself. Therefore none of the constituent corporations have control over either partnership, and more importantly, none have ownership of a controlling interest in PrimeCo's voting shares or securities.

PrimeCo strongly urges the Commission to consider PrimeCo's political committee not affiliated with any political committee established by the constituent corporations merely because of the new Bell Atlantic's 100 percent ownership of the PCSCO Partnership and that entity's 50 percent ownership of PrimeCo. A close look at the makeup of the Executive Committee[17], and the voting procedures included in the Partnership Agreement, as outlined in part A above, provides convincing proof that Bell Atlantic will not "control" PrimeCo after the merger becomes effective, nor will the merger cause PrimeCo to meet any of the tests for affiliation outlined in the Commission's rules.

(B) Whether a sponsoring organization or committee has the authority or ability to direct or participate in the governance of another sponsoring organization or committee through provisions of constitutions, bylaws, contracts, or others rules, or through formal or informal practices or procedures.

No single constituent corporation has the authority, power, or ability to direct the management of PrimeCo. As previously stated, the two partners are an intervening layer between the constituent corporations and PrimeCo. Further, PrimeCo's partnership agreement provides that management decisions must be mutually agreed to by the Executive Committee, and that there are an equal number of representatives of each partner on the Executive Committee. There is no provision for a tie-breaker vote.[18]

(C)-(E) Whether a sponsoring organization or committee has the authority to hire, appoint, demote or otherwise control the officers, or other decision making employees or members of another sponsoring committee, or whether there is overlapping membership, common officers or employees.

PrimeCo's Executive Committee has the authority to hire top officers and employees, and also may delegate that task to those that they hire. Neither the partners nor the constituent

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[17] Bell Atlantic will have the ability to appoint three members of the six person Executive Committee, but still will not have control over decisions made by the Executive Committee or PrimeCo.

[18] Partnership Agreement, §§ 5.1.1 and 5.1.7 at 19-21.

corporations has this power. Further, there is currently no overlap between officers and employees of PrimeCo and the constituent corporations.

(F) Whether a sponsoring organization of a committee has any members, officers or employees who were members, officers or employees of another sponsoring, organization or committee which indicates a formal or informal or ongoing relationship between the sponsoring organizations or committees, or which indicates the creation of a successor entity.

Certain officers and employees of PrimeCo are former employees of the constituent corporations, but PrimeCo was created as a separate and distinct entity with a separate line of business. Since the constituent corporations still exist, PrimeCo is clearly not a successor entity. Further, there are no formal or informal agreements in place that any PrimeCo officers or employees will return to the constituent corporations after working at PrimeCo for a set period of time.

(G)-(H) Whether a sponsoring organization or committee provides funds or goods in significant amount or on an ongoing basis, or causes or arranges for funds to be provided, to another sponsoring organization or committee.

PrimeCo has not yet established a political committee. When such an organization is established, it will not seek funding or assistance from political committees established by the constituent corporations, or the corporations themselves, except as consistent with the Act and the Commission's regulations.

(I)-(J) Whether a sponsoring organization or committee or its agent had an active or significant role in the formation of another sponsoring organization or committee, or have similar patterns of contributions or contributors which indicates a formal or ongoing relationship between the sponsoring organizations or committees.

PrimeCo has made its decision to establish a political committee independent of any action or significant role by the constituent corporations. Further, PrimeCo's political committee, when operational, intends to act independently in making political contributions.

2. The sponsoring organization of any constituent company deemed affiliated with PrimeCo's political committee should be able to pay the expenses of PrimeCo's political committee.

Consistent with prior Advisory Opinions,[19] if the Commission deems PrimeCo's political committee affiliated with any political committee established by its constituent corporations then such corporation should be allowed to pay the expenses of PrimeCo's political committee.

3. PrimeCo's political committee should be permitted to solicit the officers and employees, and other permissible persons, of any sponsoring organization of any political committee of a constituent company deemed affiliated with PrimeCo's political committee.

Consistent with prior Advisory Opinions, if the Commission deems PrimeCo's political committee to be affiliated with any political committee established by the constituent corporations, then PrimeCo should be permitted to solicit officers and employees of that corporation for political contributions.[20]

4. PrimeCo should be able to establish a separate segregated fund as an alternative to establishing a non-connected political committee.

Business structures are constantly evolving, and in many cases becoming more complex and flexible to permit rapid responses to the constantly changing competitive environment. This has never been more true than in today's dynamic telecommunications market. What has not changed is the strong desire of such companies to engage in permissible political activities, and in particular the federal election process. PrimeCo acknowledges that certain prior decisions by the Commission presenting facts similar to this case could be read as prohibiting it from establishing a separate segregated fund (SSF), but it strongly believes that the Act permits this activity. The Commission has noted that nothing in the Act provides for the establishment of an SSF by a partnership, [21] but it is also true that nothing in the Act or its legislative history prohibits this activity.

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[19] See, AOs 1992-17, 1994-9, and 1994-11.

[20] See, AO 1989-8; see also AOs 1987-34 and 1983-48.

[21] AO 1981-54.

Further, as Commissioners Elliott and McGarry stated in their dissent to the majority opinion AO 1981-54, to decide otherwise would emphasize form over substance and would effectively prevent PrimeCo from participating in the political process merely because of its structure:

> Even more regrettable, the employees of the partnerships may not participate in the political process in the same way that employees of the partner corporations may become involved. The better approach in our judgement would be to treat a partnership, whose partners are all corporations, as a corporation, and to allow it to establish a separate segregated fund. Thus in this very limited situation where there is a partnership wholly owned by a corporation, that partnership should be treated as a corporation.

At the very least, the Commission should distinguish between the instant case and its prior decisions and reach a decision permitting PrimeCo to establish a SSF. In particular, PrimeCo is not simply a joint venture formed by two corporations each with a 50% ownership interest such as existed in the facts presented in AOs 1992-17 and 1981-54. As set forth in part A above, PrimeCo is a partnership formed as joint venture between two partnerships, who in turn, were each formed as joint ventures between two independent corporations. In the case of PCSCO, it was formed by two wholly-owned subsidiaries of the respective parent companies.[22] Since these subsidiaries do not have their own political committees, it makes it even harder to justify a finding of affiliation with respect to these entities and PrimeCo.

5. A SSF formed by PrimeCo should not be considered to be affiliated with political committees of the constituent corporations.

For all the reasons outlined in part (B)(2) above, PrimeCo's SSF should not be deemed affiliated with political committees formed by the constituent corporations.

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[22] As indicated in part A above, PCSCO Partnership is owned by NYNEX PCS, Inc., and Bell Atlantic Personal Communications, Inc., which are wholly-owned subsidiaries of NYNEX Corporation and Bell Atlantic Corporation, respectively. After the pending merger, NYNEX Corporation will also be a wholly-owned subsidiary of Bell Atlantic Corporation.

CONCLUSION

PrimeCo and its officers and employees should be permitted to participate in the political process, a right guaranteed by the Constitution. To preserve this right, we respectfully urge the Commission to decide in the negative on issues one and five, and in the affirmative of issues two, three and four of this Advisory Opinion Request.

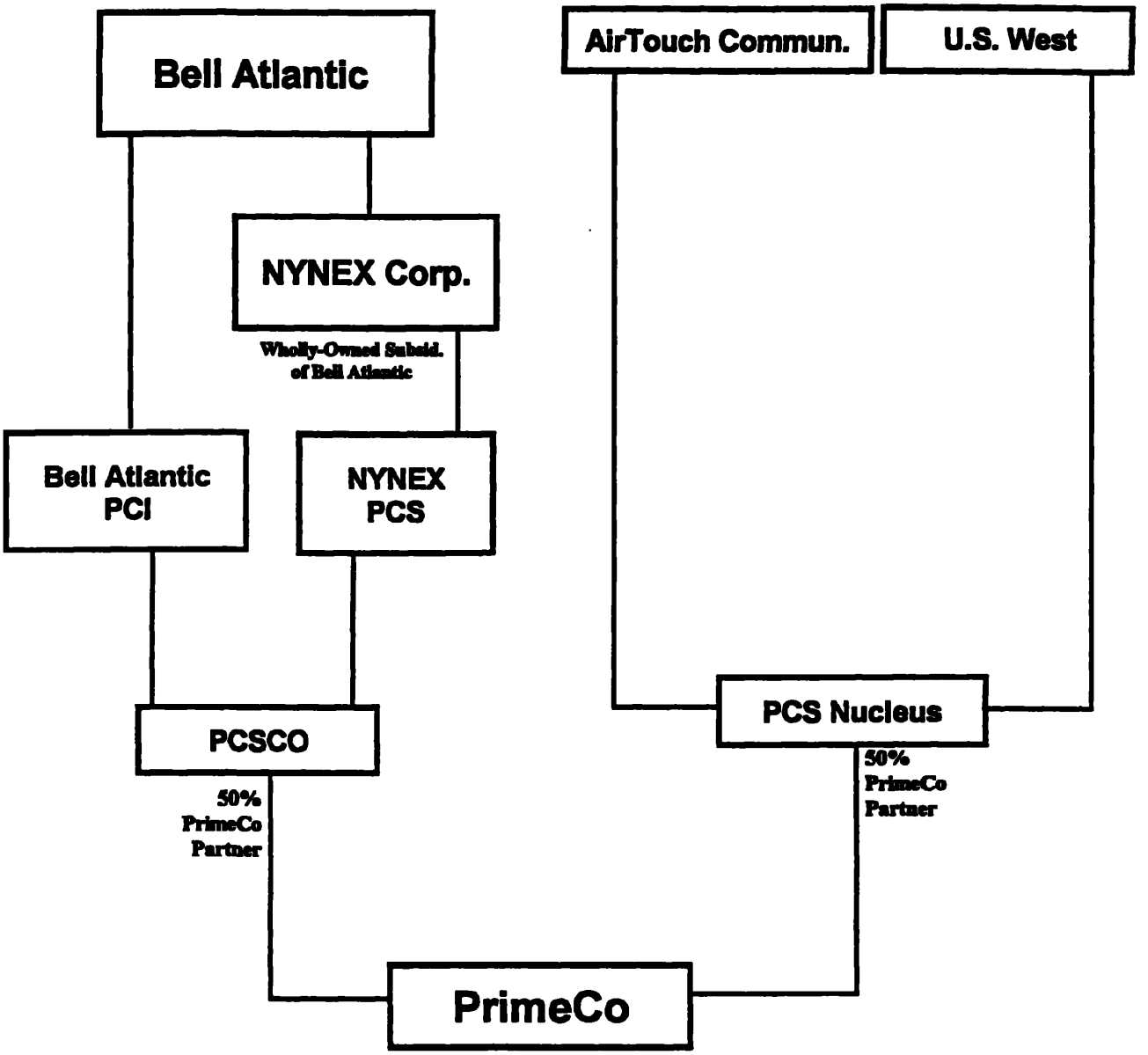
Very truly yours,

William H. Boger

APPENDIX A

Appendix A

Post-Merger Structure*



* On April 22, 1996, NYNEX and Bell Atlantic announced an Agreement and Plan of Merger under which the companies would combine their respective businesses under one holding company. On July 2, 1996, the application was amended so that NYNEX will now become a wholly-owned subsidiary of Bell Atlantic. The FCC has not yet made a decision on the application.

PRIMECO REQUEST FOR ADVISORY OPINION

APPENDIX B

AGREEMENT OF LIMITED PARTNERSHIP

OF

PCS PRIMECO, L.P.

Dated as of October 20, 1994

AGREEMENT OF LIMITED PARTNERSHIP
OF
PCS PRIMECO, L.P.

This Partnership Agreement dated as of October 20, 1994, is made between PCSCO Partnership, a Delaware general partnership ("PCSCO") and a direct or indirect wholly-owned partnership of Bell Atlantic Corporation ("BAC") and NYNEX Corporation ("NYN"), and PCS Nucleus, L.P. a Delaware limited partnership ("PCSN") and a direct or indirect wholly-owned partnership of AirTouch Communications ("ATI") and U S West, Inc. ("USW"), pursuant to the provisions of the Delaware Revised Uniform Limited Partnership Act. Each of PCSCO and PCSN shall be both a general partner and a limited partner as set forth herein (collectively, the "Partners").

In consideration of the mutual agreements hereinafter set forth, the parties agree as follows:

ARTICLE 1.
DEFINITIONS

The following terms when used in this Agreement will have the respective meanings set forth below:

1.1. ***Act*** means the Delaware Revised Uniform Limited Partnership Act, 6 Del. Tit. §§ 17-101 et seq., as from time to time amended.

1.2. ***Adjusted Capital Account*** means, with respect to a Partner, an account with a balance (which may be a deficit balance) equal to the balance in such Partner's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments: (i) credit to such Capital Account any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore to the Partnership pursuant to Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and (ii) debit to such Capital Account such Partner's share of items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

1.3. ***Adjusted Capital Account Deficit*** means, with respect to a Partner, the deficit balance, if any, in such Partner's Adjusted Capital Account.

1.4. ***Affiliate*** of a person shall mean any Person directly or indirectly controlling, controlled by, or under common control with, such other person provided, however, that (i) the Partnership shall not be deemed to be an Affiliate of PCSCO or PCSN or any of their respective Affiliates, (ii) any wireline cable television company in which a Partner and its Affiliates do not have an aggregate ownership interest in excess of 50% shall not be considered an Affiliate of such Partner or any of its Affiliates, and (iii) Cellular Communications, Inc., a Delaware corporation ("CCI"), shall not be considered an Affiliate of ATI until such time, if ever, as ATI shall be entitled to exercise full discretion with respect to voting the shares of common stock of CCI beneficially owned by ATI (other than shares of common stock of CCI beneficially owned by ATI by virtue of its ownership of the Class A Preference Stock of CCI); and ***Person*** shall mean an individual, a corporation, a limited or an unlimited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof. The term ***control*** (including the terms "controlling, "controlled by" and "under common control with") of a person means the possession, direct or indirect of the power to (i) vote 50% or more, or in the case of references to Affiliates in Article 8 hereof, more than 50%, of the voting securities or other voting interests of such person, or (ii) the possession, directly or indirectly, of the power to direct, or cause the direction of the management and policies of such person, whether through the ownership of voting shares, by contract or otherwise. Notwithstanding the foregoing, the parties agree that solely for purposes of this Agreement, Affiliates of PCSCO shall specifically include BAC and NYN and their respective Affiliates, and Affiliates of PCSN shall specifically include ATI and USW and their respective Affiliates. Notwithstanding the foregoing, Upstate Cellular Network shall not be deemed an Affiliate of PCSCO and CMT Partners and New Par shall not be deemed an Affiliate of PCSN, so long as PCSCO or PCSN, respectively, together with their respective Affiliates own an equity interest of not more than 50% in Upstate Cellular Network or CMT Partners and New Par, respectively, and have no greater management authority with respect thereto than they had on the date of this Agreement.

1.5. ***Agreed Value*** means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

a The initial Agreed Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset;

b The Agreed Values of all Partnership assets shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account) as of

the following times: (i) the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis capital contribution; (ii) the distribution by the Partnership to a Partner of more than a de minimis amount of Partnership property as consideration for an interest in the Partnership; (iii) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); (iv) the dissolution of the Partnership in accordance with Article 10; and (v) at such other times as the Tax Matters Partner shall reasonably determine necessary or advisable in order to comply with Regulations Sections 1.704-1(b) and 1.704-2; provided that the adjustments described in clauses (i) and (ii) of this paragraph shall be made only if the Tax Matters Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership; and provided further that such adjustments shall not be made solely by reason of a contribution to the Partnership by WMC pursuant to Section 7.5 of the Tomcom Partnership Agreement;

(c) The Agreed Value of any Partnership asset distributed to any Partner shall be the gross fair market value (taking Code Section 7701(g) into account) of such asset on the date of distribution; and

(d) The Agreed Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 732(d), Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining capital accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Agreed Values shall not be adjusted pursuant to this clause (d) to the extent that an adjustment pursuant to clause (b) hereof is made in connection with a transaction that would otherwise result in an adjustment pursuant to this clause (d).

The Agreed Value of any interest in another partnership held by the Partnership shall be determined as provided above, except that (i) at any time at which such Agreed Value is determined pursuant to clause (a), (b) or (c) above, it shall be increased by the Partnership's share of the liabilities of such other partnership under Code Section 752 at such time and (ii) Agreed Value shall be increased or decreased to reflect subsequent increases or decreases in the Partnership's share of such liabilities or increases in the Partnership's individual liabilities by reason of its assumption of liabilities of such other partnership or decreases in the Partnership's individual

liabilities by reason of such other partnership's assumption thereof to the same extent and at the same time that it would be so increased or decreased if it were actually the federal income tax basis of the Partnership's interest in such other partnership.

If the Agreed Value of an asset has been determined or adjusted pursuant to this definition of Agreed Value, such Agreed Value shall thereafter be adjusted by the Depreciation with respect to such asset taken into account in computing Profits and Losses.

Determinations of gross fair market value for purposes of this definition of Agreed Value shall be made as follows: (i) in situations described in paragraphs (a), (b)(i), (b)(ii) and (c) above by agreement between the Tax Matters Partner and the Partner making the contribution or receiving the distribution as the case may be, provided, however that if the Tax Matters Partner (or any Affiliate of the Tax Matters Partner) is the contributor or the distributee, such determination shall require agreement between the contributor or the distributor and the Executive Committee; and (ii) in other situations by the Executive Committee.

1.6. ***Agreement*** means this Partnership Agreement, as it may be amended or restated from time to time.

1.7. ***Bid Price*** means the amount of any payment made, or offered to be made, to the FCC or other governmental agency as a condition to or in connection with the application for or award of a PCS License.

1.8. ***Business Plan*** has the meaning set forth in Section 5.1.11.

1.9. ***Capital Accounts*** mean the capital accounts maintained with respect to Partnership Interests pursuant to Section 4.4.

1.10. ***Capital Call*** means a request for additional contributions of capital to the Partnership.

1.11. ***Change of Control*** has the meaning set forth in Section 11.1.

1.12. ***CECO*** means the Civil Enforcement Consent Order entered by the Decree Court on February 2, 1989.

1.13. ***CECO Decree Committee*** means the committee created by USW pursuant to the CECO for the review of USW's business activities.

1.14. ***Code*** means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

1.15. ***Decree Court*** means the court having original jurisdiction over MFJ waivers.

1.16. ***Default Interest Rate*** means a rate of interest equal to that which is, at the time of issuance of the debt security, charged on debt of comparable term to maturity to issuers of comparable creditworthiness to the Partnership, plus 3%.

1.17. ***Delinquent Partner*** with respect to a Capital Call means a Partner who fails to pay its portion of such Capital Call at the time and in the amount required under this Agreement.

1.18. ***Depreciation*** means, for each fiscal year or other relevant period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other relevant period, except that if the Agreed Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year, Depreciation shall be an amount which bears the same ratio to such beginning Agreed Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Agreed Value using any reasonable method selected by the Tax Matters Partner.

1.19. ***Designated Entity*** means a Person qualifying as a designated entity for purposes of the FCC's decision in that certain matter entitled Implementation of Section 309(j) of the Communications Act - Competitive Bidding, Fifth Report and Order in PP Docket No. 93-253, as modified by subsequent decisions through the date hereof.

1.20. ***Designated MTAs/BTAs*** means the MTAs and BTAs designated by the Executive Committee for development of the PCS Business.

1.21. ***Dissolution Event*** has the meaning set forth in Section [illegible].

1.22. ***EO*** means the Enforcement Order entered by the Decree Court on February 15, 1991.

1.23. ***Equity Interest*** has the meaning set forth in Section [illegible].

1.24. ***Event of Bankruptcy*** means, with respect to any Partner or the Partnership, any of the following:

(a) filing a voluntary petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Code as now or in the future amended) or an admission seeking the relief therein provided;

(b) making a general assignment for the benefit of creditors;

(c) consenting to the appointment of a receiver for all or a substantial part of such person's property;

(d) in the case of the filing of an involuntary petition in bankruptcy, an entry of an order for relief;

(e) the entry of a court order appointing a receiver or trustee for all or a substantial part of such Person's property without his consent; or

(f) the assumption of custody or sequestration by a court of competent jurisdiction of all or substantially all of such Person's property.

1.25. ***Executive Committee*** means the Executive Committee of the Partnership formed and acting pursuant to Section 5.1.

1.26. ***FCC*** means the United States Federal Communications Commission and any successor thereto that has authority to regulate PCS Licenses and the PCS Business.

1.27. ***GAAP*** means the generally accepted accounting principles in the United States of America in effect from time to time.

1.28. ***General Partner*** means each of PCSCO and PCSN, for as long as each remains a General Partner in accordance with the provisions hereof, in their capacities as general partners of the Partnership, and any person who becomes an additional or substitute General Partner of the Partnership pursuant to the provisions of this Agreement.

1.29. ***Holding Company*** has the meaning set forth in Section 5.1.

1.30. ***Limited Partner*** means each of PCSCO and PCSN, in their capacities as limited partners of the Partnership, and any person who becomes an additional Limited Partner of the Partnership pursuant to the provisions of this Agreement.

1.31. ***Liquidating Partner*** has the meaning set forth in Section 10.3.

1.32. ***MFJ*** has the meaning set forth in Section 11.10.

1.33. ***MFJ Compliance Committee*** means the committee created by USW pursuant to the EO for the review of USW's business practices.

1.34. ***MFJ Restricted Activity*** means an activity or business the undertaking of which by the Partnership would cause the Partnership, or any Partner, to be in violation of the MFJ.

1.35. ***MTA*** means a Major Trading Area and ***BTA*** means a Basic Trading Area, each as defined in FCC Rules at 47 C.F.R. § 24.202.

1.36. ***Net Operating Available Cash*** means at the time of determination, (a) all cash and cash equivalents on hand in the Partnership, less (b) the Forecast Cash Requirement, if any, of the Partnership, as determined by the Partnership Committee in a manner consistent with the then-current Business Plan. For purposes of this definition, ***Forecast Cash Requirements*** means, for the twelve-month period following the date of determination, the excess, if any, of (a) forecast capital expenditures, capital contributions to other entities and other investments, acquisitions, cash contributions to other entities and other investments, acquisitions, cash income tax payments and debt service (including principal and interest) requirements and other non-cash credits to income, plus forecast cash reserves for future operations or other requirements, over (b) forecast net income of the Partnership, plus the sum of forecast depreciation, amortization, interest expenses, income tax expenses and other non-cash charges to income, in each case to the extent deducted in determining such net income, plus or minus forecast changes in working capital, plus the forecast cash proceeds of dispositions of assets (net of expenses), plus an amount equal to the forecast net proceeds of debt financings.

1.37. ***Nondeductible Expenditure*** has the meaning specified under the definition of Profits below.

1.38. ***Nondelinquent Partner*** means any Partner who is not a Delinquent Partner.

1.39. ***Nonrecourse Deductions*** has the meaning set forth in Regulations Section 1.704-2(b)(1). The amount and items of Nonrecourse Deductions shall be determined in accordance with Regulations Sections 1.704-2(c) and 1.704-2(j)(1).

1.40. ***Organizational Expenses*** means organizational expenses as defined under Section 709 of the Code.

1.41. ***Partner*** means each of PCSCO and PCSN and any other Person admitted as a Partner pursuant to the terms of this Agreement.

1.42. ***Partner Nonrecourse Debt Minimum Gain*** has the meaning set forth in Regulations Section 1.704-2(i).

1.43. ***Partner Nonrecourse Debt*** has the meaning set forth in Regulations Section 1.704-2(b)(4).

1.44. ***Partner Nonrecourse Deductions*** has the meaning set forth in Regulations Section 1.704-2(i).

1.45. ***Partner Note*** has the meaning set forth in Section 4.4 hereof.

1.46. ***Partner Parent*** means (i) with respect to Cellco, BAC and NYN and (ii) with respect to WMC, ATI and USW, and their respective successors and assigns, whether by means of merger, spinoff or otherwise.

1.47. ***Partnership*** means the partnership established pursuant to this Agreement.

1.48. ***Partnership Interest*** means the entire ownership interest of a Partner in the Partnership.

1.49. ***Partnership Minimum Gain*** has the meaning set forth in Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

1.50. ***PCS Business*** means the provision of broadband personal communications services as contemplated by Subpart E of Part 24 of the FCC's rules, pursuant to one or more PCS Licenses.

1.51. ***PCS License*** means any license issued by the FCC pursuant to Subpart E of Part 24 of the FCC's rules. A ***10 MHz PCS License*** shall mean a PCS License with respect to no more than 10 MHz.

1.52. ***Percentage Interest*** means initially, with respect to any Partner, the Percentage Interest ascribed to such Partner in Section 4.1 hereof. If an event described in clause (b)(i) or (ii) of the definition of Agreed Value occurs, the Percentage Interests shall be recalculated such that the Percentage Interest of each Partner shall be equal to the ratio of such Partner's Specified Account Value to the aggregate Specified Account Value of all of the Partners, such Specified Account Values to be determined after giving effect to the event or circumstance giving rise to the recalculation and all contributions, distributions, and allocations for all periods ending on or prior to the date of recalculation; provided that if any Partner's Specified Account Value is zero or less, the Percentage Interests shall be recalculated by the Executive Committee based upon the relative economic interests of the Partners immediately after such event. In the event of any transfer of an interest by a Partner in accordance with the provisions of this Agreement, the

transferee of such interest shall succeed to the Percentage Interest of his transferor to the extent it relates to the transferred interest. If a Partner is both a General Partner and a Limited Partner, all adjustments of Percentage Interests of such Partner shall be made to both the General Partner Percentage Interests and the Limited Partner Percentage Interests pro rata in proportion to such interests.

1.53. ***Profits*** and ***Losses*** means, for each fiscal year or other relevant period, an amount equal to the Partnership's taxable income or loss for such year or other relevant period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be added to such taxable income or loss;

(b) Any expenditures of the Partnership described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i) (***Nondeductible Expenditures***), and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be subtracted from such taxable income or loss;

(c) If the Agreed Value of any Partnership asset is adjusted pursuant to clause (b) or clause (c) of the definition of Agreed Value hereunder, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Partnership property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Agreed Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Agreed Value;

(e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other relevant period;

(f) To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section

1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Partner's interest in the Partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(g) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 6.2 or Section 6.3 hereof shall not be taken into account in computing Profits or Losses.

1.54. ***Regulations*** means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

1.55. ***Specified Account Value*** means with respect to any Partner at any given time, its Capital Account balance at such time, as such Account would be increased if all Partner Notes were paid in full immediately prior to such determination; as reduced by the unamortized amount of Organizational Expenses contributed by that Partner; and reduced by any amount contributed to the Partnership by WMC pursuant to Section 7.5 of the Tomcom Partnership Agreement.

1.56. ***Tax Matters Partner*** has the meaning set forth in Section 6231 of the Code.

1.57. ***Taxes*** shall mean federal, state, local or foreign income, capital gains, profits, gross receipts, payroll, capital stock, franchise, employment, withholding, social security, unemployment, disability, real property, personal property, stamp, excise, occupation, sales, use, transfer, mining, value added, investment credit recapture, alternative or add-on minimum, severance, environmental, estimated or other taxes, duties or assessments of any kind, including any interest, penalty, and additions imposed with respect to such amounts.

1.58. ***Tomcom Partnership Agreement*** means the Tomcom L.P. Agreement of Limited Partnership, of even date herewith, between Cellco Partnership (***Cellco***) and WMC Partners, L.P. (***WMC***), without regard to any amendments thereto except those approved by the Executive Committee.

1.59. ***Transfer*** has the meaning set forth in Section 8.1.

1.60. ***Wholly Owned Affiliate*** means as to any Person, an Affiliate all of the equity interests of which are owned,

directly or indirectly, by a Partner, by another Wholly Owned Affiliate, or by one or both of the Partner Parents thereof.

ARTICLE 2.
ORGANIZATION

2.1. Formation. The Partners agree to, and hereby do, form a limited partnership pursuant to the provisions of the Act. The Partnership Interests of the Partners in the Partnership, and the rights and obligations of the Partners with respect thereto, are subject to all of the terms and conditions of the Act, except as otherwise expressly set forth in this Agreement.

2.2. Name. The business of the Partnership shall be carried on under the name of PCS PRIMECO, L.P. or under such other name as the Partners may from time to time designate. Such name shall be the exclusive property of the Partnership, and no Partner shall have any right to use, and each Partner agrees not to use, such name other than on behalf of the Partnership except, as may be permitted from time to time by the Executive Committee.

2.3. Purpose. The purpose of the Partnership is to undertake the following activities:

a To acquire, hold title to and maintain PCS Licenses and to acquire PCS Businesses in Designated MTAs/BTAs, and potentially in other areas, in accordance with the eligibility and other requirements of FCC rules, directly and by acquisition of equity interests in entities (including Designated Entities) engaged in the PCS Business;

b To develop and coordinate the process by which the Partnership shall submit bids in the name of the Partnership to the FCC in respect of the auction of PCS Licenses;

c If the Partnership acquires one or more PCS Licenses or PCS Businesses, to design, build, own and operate a PCS network in such manner as the Partnership may deem appropriate from time to time, which may include, without limitation, through management contracts and other relationships; and

d To engage in any and all acts necessary, advisable, appropriate or incidental to any of the foregoing that may lawfully be conducted by a limited partnership organized under the Act.

2.4. Place of Business. The Partnership's principal place of business will be at such location as the Executive Committee may

from time to time designate. The Partnership may have such other or additional places of business or headquarters within or outside the State of Delaware as the Executive Committee may from time to time designate.

2.5. Registered Office; Agent for Service of Process. The address of the Partnership's registered office in the State of Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The agent for service of process at such address for the Partnership in the State of Delaware is The Corporation Trust Company. Agents for service of process of the Partnership may be changed by the Executive Committee.

2.6. Term. The term of the Partnership shall commence on the date the Certificate of Limited Partnership of the Partnership is filed in the office of the Secretary of State of the State of Delaware, and shall continue through the 99th anniversary thereof, unless earlier dissolved pursuant to Article 10.

2.7. Partition. No Partner, nor any successor-in-interest to such Partner, shall have the right, while this Agreement remains in effect, to have the property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have the property of the Partnership partitioned, and each Partner, on behalf of itself and its successors, representatives and assigns, hereby waives any such right.

2.8. Capacity of the Partners. No Partner shall have any authority to act for, or to assume any obligation or responsibility on behalf of, any other Partner or the Partnership, except as expressly provided in this Agreement or as authorized by the Executive Committee.

2.9. Qualification in Other Jurisdictions. The General Partners shall cause the Partnership to be qualified, formed, or registered under assumed or fictitious name statues or similar laws in any jurisdiction in which the Partnership owns property or engages in activities if such qualification, formation or registration is necessary to permit the Partnership lawfully to own property and engage in the Partnership's business or transact business. The General Partners shall execute, file and publish all such certificates, notices, statements or other instruments necessary to permit the Partnership to engage in the Partnership's business as a limited partnership in all jurisdictions where the Partnership elects to engage in or do business.

2.10. Relationship with International Affiliates. Intellectual property (other than trade names or trademarks developed by the Partnership) shall be made available on an arm's

length basis to Affiliates of the Partners having international operations.

ARTICLE 3.
OUTSIDE ACTIVITIES; ACQUISITION OF LICENSES

3.1. Non-10 MHz PCS Licenses.

(a) No Partner nor any of its Affiliates shall bid, in the FCC auctions for PCS Licenses, on any PCS License to use more than 10 MHz in any license area except through the Partnership. If either (i) the Partnership has not determined to bid on one or more specified PCS Licenses to use more than 10 MHz in any license area, or (ii) the Partnership has entered a bid or bids for such License but a third-party bid has been entered which equals or exceeds the maximum amount that the Partnership has determined to bid for such License, then one or more Partners or their Affiliates may require the Partnership to bid for such licenses on their behalf upon the following conditions. In the circumstances described in clause (i), a Partner or its Affiliate may require the Partnership to bid on such License on its behalf only if the representatives of such Partner voted in favor of the Partnership's bidding in such area and, in the circumstances described in clause (ii), a Partner or its Affiliate may require the Partnership to enter a higher bid on its behalf only if the representatives of such Partner voted in favor of the Partnership's bidding at a higher level than the established maximum bid. If the Partnership shall bid on any License on behalf of one or more Partners or their Affiliates in accordance with the foregoing and shall be the winning bidder on such License, then such Partner(s) shall be obligated to fund any required payment by the Partnership for such License, and the Partnership shall immediately transfer to such Partner(s) or their Affiliate(s) such License or the right to receive such License (and all remaining obligations to make payment therefor) and shall duly prosecute all necessary regulatory or other approvals for such transfer; provided, however, that if, during the 30-day period immediately following the FCC auctions for such License, the Partner(s) other than such Partner make an election in writing to have the Partnership acquire such License, the Partnership shall retain such License and shall make all required payments therefor. Following any transfer of a License to a Partner such Partner and its Affiliates shall have the sole right and interest in and to such License. Such Partner or Affiliate shall comply with Section 3.1(c).

(b) If any Partner or any of its Affiliates wishes to acquire any ownership interest in any PCS Business (excluding the acquisition of any license to operate a PCS Business pursuant to one or more 10 MHz PCS Licenses), other than the acquisition of PCS Licenses in the FCC auctions, then such Partner shall first propose to the Partnership that the Partnership make such acquisition, and shall present to the Partnership any opportunity that may have been offered to such Partner or any of such Affiliates to make such acquisition. If the Executive Committee does not approve the making of such acquisition by the Partnership not later than 30 days after the Partner has given notice to the Partnership of the opportunity and the proposed material terms of the acquisition, and if the representatives of such Partner voted in favor of making such acquisition by the Partnership, then such Partner or any of such Affiliates shall be free to make such acquisition on terms no more favorable to the Partner or its Affiliates than those described in the notice to the Partnership, provided (i) that the Partner or its Affiliate enters into a definitive agreement (subject solely to obtaining the requisite regulatory approvals and fulfilling the requisite regulatory waiting periods) with respect thereto within 150 days after the Partner gave notice to the Partnership of the opportunity and (ii) that such Partner complies with Section 3.1(c).

(c) It shall be a condition to any acquisition by a Partner or its Affiliate of any PCS License (other than a 10 MHz PCS License) or an ownership interest in any PCS Business that such PCS Business shall offer to enter into an affiliation agreement with the Partnership on terms and conditions comparable to those which the Partnership offers to other affiliated PCS Businesses in similar situations (or if no such agreement then exists, such terms and conditions as are approved by the Executive Committee which terms and conditions shall include a "most-favored nation" provision), under which such PCS Business will provide its services to the public as an affiliate of the Partnership's business (an ***Affiliation Agreement***). The Partnership may waive compliance with all or any part of this Section 3.1(c) with respect to any transaction by vote of the Executive Committee.

3.2. 10 MHz PCS Licenses. No Affiliate shall bid on or acquire, in the FCC auctions for PCS Licenses or otherwise, any PCS License to use a 10 MHz PCS License, except that an Affiliate that is a landline communications carrier (including, without limitation, a wireline cable television company) may acquire a 10 MHz License for regions located substantially in the service territory of such carrier.

3.3. Restrictions on Acquisitions of System Licenses. The Partners and their Affiliates shall comply with the provisions of Section 7.4 of the Tomcom Partnership Agreement, as if they were parties thereto.

3.4. Enforceability and Enforcement.

(a) The Partners acknowledge and agree that the time, scope, geographic area and other provisions of Sections 3.1, 3.2 and 3.3 have been specifically negotiated by sophisticated parties and specifically agree that such time, scope, geographic area, and other provisions are reasonable under the circumstances. The Partners agree that if, despite this express agreement of the Partners, a court should hold any portion of Sections 3.1, 3.2 or 3.3 to be unenforceable for any reason, the maximum restrictions of time, scope and geographic area reasonable under the circumstances, as determined by the court, will be substituted for the restrictions held to be unenforceable.

b. Each Partner agrees that the Partnership shall be entitled to preliminary and permanent injunctive relief, without the necessity of proving actual damages or posting any bond or other security, as well as an equitable accounting of all earnings, profits and other benefits arising from any violation of Sections 3.1, 3.2 and 3.3, which rights shall be cumulative and in addition to any other rights or remedies to which the Partnership may be entitled.

3.5. Exceptions to Restrictions. The restrictions set forth in Sections 3.1, 3.2 and 3.3 on the activities described therein shall not be construed to prohibit the activities of the Partners and their Affiliates of the type described in Section 7.4(c) of the Tomcom Partnership Agreement.

3.6. Activities of the Partners. Except as expressly restricted by this Article 3, each Partner and its Affiliates may engage in or hold an interest in other business ventures and activities of any nature, including, without limitation, ventures and activities similar to those of the Partnership, and neither the Partnership nor the other Partners shall, by virtue of this Agreement, have any interest or rights in or to such other ventures or business or any liability or obligation with respect thereto.

3.7. Provision of Services to Telephone Companies. Subject to existing partnership agreements and regulatory requirements, the Partnership shall provide to any Affiliate of a Partner which is a landline communications carrier, such services provided by the PCS Business as such Affiliate (whether acting as a

wholesaler or a retailer) may request at the lowest rates made available from time to time by the Partnership to other retailers of such services for similar volumes of such services.

3.8. Determination of Designated MTAs/BTAs. On or before December 5, 1994, the Partners shall designate the Designated MTAs/BTAs for which the Partnership will seek to acquire PCS Licenses, and shall determine the Bid Prices to be bid for, or other acquisition prices to be paid for, such PCS Licenses. If the Partners are unable to agree upon such Designated MTA/BTAs the matter shall be referred for resolution by the chief executive officers of the respective Partner Parents designated by each Partner.

ARTICLE 4.
CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS

4.1. Initial Capital Contributions. Contemporaneously with the execution hereof, each of the Partners have contributed to the capital of the Partnership the cash amount set forth on Schedule I hereto, receipt of which is hereby acknowledged. The Partners and the Partnership agree and acknowledge that immediately after the foregoing contribution, the initial Percentage Interests of the Partners and the initial ratio of the Specified Account Value of a Partner to all Partners shall be in the ratios set forth on Schedule I hereto.

4.2. Additional Capital Calls. Not later than November 18, 1994, each of the Partners shall contribute to the capital of the Partnership in proportion to their respective Partnership Interests an amount sufficient to pay all filing and qualification fees to enable the Partnership to bid on the Designated MTAs/BTAs identified pursuant to Section 3.8. Each Partner may contribute to the capital of the Partnership, not necessarily in proportion to their Percentage Interests, an amount sufficient to fund the bids which such Partner may desire to make pursuant to Section 3.1(a) hereof. In addition, upon 21 days prior written notice to the Partners, the Partnership may, from time to time, issue Capital Calls, requiring the Partners to make additional contributions of capital to the Partnership in proportion to their respective Percentage Interests. Capital Calls specifically referred to in any annual budget included in any Business Plan may be made by the chief executive officer of the Partnership. Any Capital Call not so provided for must be approved by the Executive Committee.

4.3. Failure to Pay a Capital Call.

(a) If any Partner fails to make payment when due of all or any portion of its share of a Capital Call, the secretary of the Partnership shall give written notice of the

failure to such Partner, with a copy to all other Partners. If the Partner fails to pay the amount due within 10 days following receipt of notice, the secretary shall promptly give notice of such failure to the other Partners. At any time within 15 days following receipt of such notice, then, unless the Nondelinquent Partners elect to make capital contributions in accordance with Section 4.3(b) hereof, (i) the amount contributed by each Nondelinquent Partner pursuant to the Capital Call shall be treated as a loan to the Partnership for a term to be specified by such Nondelinquent Partner, bearing interest payable quarterly at the Default Interest Rate and (ii) each Nondelinquent Partner may make an additional loan to the Partnership for a term to be specified by such Non-Delinquent Partner, also bearing interest payable quarterly at the Default Interest Rate, in an amount equal to all or any portion of the unpaid contribution. If two or more Partners desire to provide funds under clause (ii) of the preceding sentence, the total amount of funds provided shall be allocated among such Partners in proportion to their then current relative Percentage Interests or in such other manner as they may agree.

(b) If Nondelinquent Partners whose Percentage Interests represent more than 50% of the Percentage Interests of all of the Nondelinquent Partners so elect (for purposes of such calculations, any Partner that is an Affiliate of a Delinquent Partner shall be treated as a Delinquent Partner, and all Partners which are Affiliates of each other shall be deemed to be a single Partner), then in lieu of making loans to the Partnership in accordance with Section 4.3(a) hereof, (A) the amount contributed by each Nondelinquent Partner pursuant to the Capital Call shall be treated as a contribution to the capital of the Partnership in exchange for an additional interest in the Partnership and (B) each Nondelinquent Partner may make an additional contribution of capital to the Partnership in exchange for an additional interest in the Partnership in an amount equal to all or any portion of the unpaid contribution. If two or more Partners desire to make capital contributions under clause (B) of the preceding sentence, the total amount of capital to be contributed shall be allocated among such Partners in proportion to their then current relative Percentage Interests or in such other manner as they may agree.

(c) The amounts contributed pursuant to Section 4.3(b) hereof shall increase the Capital Accounts of the contributing Partners in accordance with the terms of this Agreement. In addition, the Percentage Interests shall be recalculated (and such recalculated Percentage Interests shall thereafter apply for all purposes of this

Agreement) such that the Percentage Interest of each Partner shall equal the ratio of its Specified Account Value to the aggregate Specified Account Values of all of the Partners calculated as if the amounts contributed pursuant to Section 4.3(b) were 115% of the amounts actually contributed. Once an adjustment is made pursuant to this Section 4.3(c), any future calculations of Percentage Interests in the Partnership shall be calculated on an aggregate basis using the methodology (including the 115% weighing) specified above.

(d) Any Partner who becomes a Delinquent Partner hereby agrees to cause each of its Affiliated Entities to agree to the terms of this Section 4.3.

4.4. Capital Accounts. The Partnership shall maintain for each Partner a single Capital Account with respect to the Partner's Partnership Interest in accordance with the regulations issued pursuant to Section 704 of the Code. The Capital Account of each Partner shall be maintained for such Partner in accordance with the following provisions:

(a) To each Partner's Capital Account there shall be credited the amount of cash and the Agreed Value of any assets contributed to the capital of the Partnership by such Partner pursuant to any provision of this Agreement, such Partner's distributive share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 6.2 or Section 6.3 or Section 6.4.5, and the amount of any Partnership liabilities which are assumed by such Partner or which are secured by any Partnership property distributed to such Partner.

(b) To each Partner's Capital Account there shall be debited the amount of cash and the Agreed Value of any Partnership property distributed to such Partner pursuant to any provision of this Agreement, such Partner's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 6.2 or Section 6.3 or Section 6.4.5, and the amount of any liabilities of such Partner which are assumed by the Partnership or which are secured by any property contributed by such Partner to the Partnership, and the amount of any liabilities of any other partnership, interests in which were contributed to the Partnership, to the extent such liabilities are included in the Agreed Value of such contributed partnership interests.

(c) In the event that all or a portion of a Partnership Interest is transferred in accordance with the terms of

this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent that it relates to the transferred interest.

(d) In determining the amount of any liability for purposes of paragraphs (a) and (b) hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(e) Further adjustments shall be made to the extent provided in Section 4.3(b)(viii) of the Tomcom Partnership Agreement.

The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Partnership by the maker of the note (or by a person related to the maker of the note within the meaning of Regulation Sections 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Partner until the Partnership makes a taxable disposition of the note or until (and to the extent) principal payments are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2) (any such note being referred to as a ***Partner Note***).

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Sections 1.704-1(b) and 1.704-2, and shall be interpreted and applied in a manner consistent with such Regulations. To the extent that such Regulations require that adjustments other than those set out above or in Section 6.2.6 be made to the Capital Accounts of the Partners, such adjustments shall be made.

4.5. Conversion to Limited Partner. If at any time the Percentage Interests of a Partner and its Affiliates who are Partners aggregate less than 35% for a period of more than 90 days (except solely as a result of capital contributions made in accordance with the second sentence of Section 4.2 to fund bids in accordance with Section 3.2(a)), then such Partner shall cease to be a General Partner and shall continue to be, or become, a Limited Partner having no right to participate in the management of the business and affairs of the Partnership, including the right to designate members of the Executive Committee.

ARTICLE 5.
MANAGEMENT OF THE PARTNERSHIP

5.1. Executive Committee.

5.1.1. Powers. The business and affairs of the Partnership shall be managed under the direction of the

Executive Committee; and all powers of the Partnership, except those specifically reserved or granted to the Partners by statute or this Agreement, are hereby granted to and vested in the Executive Committee. The Executive Committee shall have the power to delegate authority to such officers, employees, agents and representatives of the Partnership as it may from time to time deem appropriate. Any delegation of authority to take any action must be approved in the same manner as would be required for the Executive Committee to directly approve such action. No Partner shall take any action in the name of or on behalf of the Partnership, including without limitation assuming any obligation or responsibility on behalf of the Partnership, unless such action, and the taking thereof by such Partner, shall have been expressly authorized by the Executive Committee or shall be expressly and specifically authorized by this Agreement. Each Partner, by execution of this Agreement, agrees to, consents to, and acknowledges the delegation of powers and authority to the members of the Executive Committee hereunder and to the actions and decisions of the members of the Executive Committee within the scope of such authority.

5.1.2. Number and Term of Office. Each of the General Partners shall have the right to designate three members of the Executive Committee by written notice to the secretary of the Partnership and to each other General Partner. Any General Partner may at any time, and from time to time, remove or replace any or all of the members designated by such General Partner, and shall give written notice to the secretary of the Partnership and to each other General Partner of any such removal or replacement. Each member of the Executive Committee shall be an officer or employee or former employee of a Partner or an Affiliate thereof.

5.1.3. Resignations; Removals. Any member of the Executive Committee may resign at any time by giving written notice to the secretary of the Partnership and the General Partner that appointed such member. Such resignation shall take effect on the date shown on or specified in such notice or, if such notice is not dated, at the date of the receipt of such notice by the secretary of the Partnership. No acceptance of such resignation shall be necessary to make it effective. The General Partner that appointed a resigning member shall be entitled to appoint a member to fill the vacancy created by such resignation by written notice to the secretary of the Partnership and to each other General Partner. Effective upon a General Partner ceasing to be a general partner of the Partnership, the members of the Executive Committee appointed by such Partner shall cease to be members.

5.1.4. Place of Meeting. The Executive Committee may hold its meetings at such place or places within or outside the State of Delaware as the Executive Committee may from time to time determine or as may be designated in the notice calling the meeting. If a meeting place is not so designated, the meeting shall be held at the Partnership's principal office.

5.1.5. Regular Meetings. Regular meetings of the Executive Committee may be held without notice at such time and place as shall be designated from time to time by resolution of the Executive Committee, but such meetings shall be held at least once each calendar month unless otherwise specified by the Executive Committee. If the date fixed for any such regular meeting is a Saturday, Sunday or legal holiday under the laws of the state where such meeting is to be held, then the meeting shall be held on the next succeeding business day or at such other time as may be determined by resolution of the Executive Committee. At such meetings the members of the Executive Committee shall transact such business as may properly be brought before the meeting.

5.1.6. Special Meetings. Special meetings of the Executive Committee may be called by any member of the Executive Committee or by the chief executive officer of the Partnership. Notice of each such meeting shall be given to each member of the Executive Committee by telephone, telecopy, telegram or similar method (in which case notice shall be given at least five days before the time of the meeting) or sent by first-class mail (in which case notice shall be given at least seven days before the meeting), unless otherwise specified by the Executive Committee. Each such notice shall state the time, place and purpose of the meeting to be so held.

5.1.7. Voting. The member or members of the Executive Committee appointed by each General Partner who are present (in person or by written proxy) at any meeting of the Executive Committee (or who are acting by written consent in lieu of a meeting) shall be entitled to act on behalf of such General Partners. If only one member appointed by a given General Partner is present at a meeting, such member shall be entitled to vote the entire voting power held by all members appointed by such General Partner. If more than one member appointed by a given General Partner is present at a meeting, such members shall vote such General Partner's entire voting power as a single unit. In the event of a disagreement at a meeting among members appointed by a single General Partner as to how to vote on any matter, the vote of the member designated by such General Partner as its senior representative shall be controlling and the vote of the other

member or members representing such General Partner shall be disregarded with respect to such matter.

5.1.8. Manner of Acting and Adjournment. Any action of the Executive Committee shall require the affirmative vote of members of the Executive Committee representing each of the General Partners, except as may be otherwise specifically provided by this Agreement. The presence at a duly called meeting of the Executive Committee of members representing each General Partner shall constitute a quorum. If a quorum shall not be present at any meeting of the Executive Committee, the members of the Executive Committee present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. For all purposes of this Article 5, all General Partners which are Affiliates of each other shall be deemed to be a single General Partner.

5.1.9. Actions Requiring Vote of the Executive Committee. Without limitation of the powers and authority of the Executive Committee, the following actions shall require the affirmative vote of members of the Executive Committee representing all of the General Partners:

(a) Admission of any Person as a partner in the Partnership;

(b) Engaging, directly or indirectly, in any business other than the PCS Business;

(c) Any amendment of this Agreement;

(d) Voluntary dissolution or winding-up of the Partnership, except as specifically provided in this Agreement, or voluntary initiation by and with respect to the Partnership of bankruptcy or similar proceedings;

(e) Acquisitions or dispositions of assets or property (in one or a series of related transactions) with a fair market value (as determined in good faith by the Executive Committee) of twenty-five percent (25%) or more of the total fair market value of all the assets of the Partnership;

(f) Approval of a Business Plan (including the initial Business Plan and the auction strategy), or a material modification to a Business Plan;

(g) Making of any Capital Call other than a Capital Call provided for in any annual budget included in any Business Plan; and

(h) Appointment, removal, and compensation of the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer of the Partnership;

(i) Entry into any material transaction outside the scope or contemplation of the Business Plan, or any other material deviation from the Business Plan;

(j) Approval of the terms of the standard Affiliation Agreement to be entered into between the Partnership and third-party owners of PCS Businesses; and

(k) Appointment of and any change in the auditors of the Partnership.

5.1.10. Affiliated Transactions. In lieu of any other approval by the Executive Committee hereunder, any claim or proceeding or similar action may be brought or made in the name of the Partnership against a Partner or any of its Affiliates, and any rights of the Partnership against the other Partner may be exercised upon the affirmative vote of members of the Executive Committee representing a majority Percentage Interest of all General Partners other than the Partner against whom or whose Affiliate the action is brought.

5.1.11. Business Plan. On or before December 5, 1994, the Executive Committee shall adopt an initial one-year and five-year business plan for the Partnership. Such business plan, and each subsequent business plan prepared for the Partnership and approved by the Executive Committee are referred to herein as a ***Business Plan***. Not later than one month after completion of the initial PCS auctions for Designated MTA/BTAs, and not later than three months prior to the start of each subsequent fiscal year of the Partnership, the Chief Executive Officer of the Partnership shall submit to the Executive Committee a proposed Business Plan including an operating budget for such fiscal year, a financial commitment for the five-year period beginning with such fiscal year, and a financial view for the five-year period beginning with such fiscal year. If the Executive Committee fails to approve a Business Plan prior to the beginning of any fiscal year, then the Partnership shall be operated on the basis of the Business Plan in effect for the prior year until a new Business Plan is approved, provided, however, that no Capital Calls or Borrowings provided for in the annual budget for such prior year shall be repeated in such new year unless specifically approved for such new year by all of the General Partners or unless specifically provided for in the financial commitment or financial view portions of the Business Plan applicable to such period.

5.1.12. Deadlocks. Upon the occurrence of a Deadlock Event (as detailed below), the General Partners shall first use their good faith efforts to resolve such matter in a mutually satisfactory manner. If, after such efforts have continued for 20 days (or, if shorter, until ten days before the vote or action on such matter must be taken, provided that the General Partners shall have used their mutual good faith efforts to secure all possible extensions of time for such vote or action), no mutually satisfactory solution has been reached, the parties shall resolve the Deadlock Event as provided herein:

(a) Each General Partner shall first refer the matter to the chief executive officer of that partner of the General Partner designated by such General Partner for resolution of the matter.

(b) If such officers, after a good faith effort, are unable to resolve the dispute, they shall (at the instance of either of them, but in no event later than 20 days after the matter has been referred to them) refer the matter to the chief executive officers of the respective Partner Parent of such Partner for resolution of the matter.

(c) Should the designated chief executive officers of the respective Partner Parents fail to resolve the matter within 40 days, the matter shall be considered defeated.

(d) ***Deadlock Event*** shall be deemed to have occurred if (i) after failing to approve a Business Plan for one fiscal year, the Executive Committee fails to approve a one-year Business Plan not less than 90 days prior to the commencement of the next succeeding fiscal year, (ii) a disagreement that continues for at least 30 days over the removal of the Chief Executive Officer or the position of Chief Executive Officer of the Partnership is vacant for a period of more than 30 days after one of the General Partners has proposed a candidate to fill such vacancy, or (iii) a disagreement continues for at least 30 days over the timing or amount of a Capital Call other than as provided for in a Business Plan.

5.1.13. Action Without Meeting. Any action required or permitted to be taken at any meeting of the Executive Committee may be taken without a meeting upon the written consent of members of the Executive Committee representing each General Partner then in office and entitled to vote on such action.

5.1.14. Approval by Limited Partners. Except as otherwise required by the Act, no vote or approval by any Limited Partner shall be required under this Agreement for the

taking of an action, including without limitation the amendment of this Agreement, and the Percentage Interest of any Limited Partner who is not also a General Partner shall not be included in any calculation of a Partner's Percentage Interest entitled to vote on any matter.

5.2. Indemnification of Partners, Executive Committee, Officers and Others.

5.2.1. In General. The Partnership, to the maximum extent permitted by law, shall indemnify and hold harmless each Partner, its Affiliates and each of its and their respective officers, directors or management committee members, as the case may be, and each of the members of the Executive Committee (***Mandatory Indemnitees***) and may indemnify and hold harmless each of the officers, employees or agents of the Partnership (***Permitted Indemnitees***), from and against any and all judgments, interest on such judgments, fines, penalties, charges, costs, amounts paid in settlement, expenses and reasonable attorneys' fees incurred in connection with any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or commission, whether pending or threatened, and whether or not an Indemnitee is or may be a party thereto, which arise out of the business or affairs of the Partnership or their activities with respect thereto on or after the date hereof (***Indemnified Damages***), except for any such Indemnified Damages that are Taxes imposed on or against any Partner or that have resulted primarily from gross negligence, fraud, bad faith or willful misconduct of or knowing violation of law by the person seeking indemnification (or any of its Affiliates). The Partnership shall pay for or reimburse the reasonable expenses incurred by any Mandatory Indemnitee, and may pay for and reimburse the reasonable expenses incurred by any Permitted Indemnitee, in any such proceeding in advance of the final disposition of the proceeding if the person sets forth in writing (a) the person's good faith belief that the person is entitled to indemnification under this provision and (b) the person's agreement to repay all advances if it is ultimately determined that the person is not entitled to indemnification under this Section 5.2.1. Any repeal or modification of any portion of the foregoing provisions of this Section 5.2.1 or the adoption of any provision of this Agreement inconsistent with any portion of the foregoing provisions of this Section 5.2.1 shall not adversely affect any right or protection of any person indemnified under this Section 5.2.1 for any act or omission occurring, or any cause of action, suit, claim or other matter arising or accruing, prior to the later of (y) the effective date of such repeal, modification or adoption or (z) the date notice of the amendment is given to all Partners. This Section 5.2.1 shall

not be deemed exclusive of any other provisions for indemnification or advancement of expenses of directors, officers, employees, agents and fiduciaries that may be included in any statute, any agreement, any general or specific action of the Executive Committee, any vote of Partners or other document or arrangement.

5.2.2. Reliance on Provisions. Each person who shall act as a member of the Executive Committee of the Partnership shall be deemed to be doing so in reliance upon the rights of indemnification and advancement of expenses provided by this Article.

5.2.3. Insurance. The Partnership may purchase and maintain insurance on behalf of any person who is or was a member of the Executive Committee or an officer of the Partnership against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Partnership would have the power to indemnify such person against such liability under the provisions of this Section 5.2.3 or otherwise.

5.3. Partner Compensation; Reimbursement.

(a) The Partners shall receive no compensation for performing their duties under this Agreement; provided that this provision shall not affect (i) any Partner's right to receive its allocation of Profits and Losses or distributions as set forth in Article 6, (ii) the right of any Partner or its Affiliates to receive such compensation as may be expressly approved by the Executive Committee, (iii) any Partner's right to be reimbursed for payment of Partnership obligations as provided in subsection (b) of this Section 5.3 or (iv) the right of a Partner to be repaid the amount of any loans to the Partnership by a Partner.

(b) Each of the Partners shall be entitled to receive, out of Partnership funds available therefor, reimbursement of all amounts expended by such Partner in payment of properly incurred Partnership obligations paid by such Partner out of its own funds.

5.4. Taxes and Charges; Governmental Rules. Each Partner shall (i) promptly pay all applicable Taxes and other governmental charges imposed on or against such Partner, except to the extent (x) the failure to promptly pay such Taxes or other governmental charges will not have a material adverse effect on the Partnership or its assets or (y) any such Taxes or other governmental charges are being contested in good faith by appropriate proceedings, and (ii) comply with all applicable

governmental rules, except to the extent that such noncompliance will not have a material adverse effect on the Partnership.

5.5. Further Assurances. Following execution and delivery of this Agreement by all of the Partners, each Partner shall, at its own cost, do, execute and perform all such other acts, deeds and documents as the other Partner or the Partnership may from time to time reasonably require in order to carry out fully the intents and purposes of this Agreement or to comply with any applicable governmental rules.

ARTICLE 6.
ALLOCATIONS OF PROFITS AND LOSSES; DISTRIBUTIONS

6.1. General Allocation Rule. After giving effect to the special allocations set forth in Sections 6.2 and 6.3 hereof, Profits and Losses for any fiscal year (or any shorter period if during any fiscal year there is a change in Percentage Interests) shall be allocated among the Partners in proportion to their respective Percentage Interests; provided, however, that amortization deductions attributable to Organizational Expenses paid or incurred directly by a Partner shall be allocated to such Partner.

6.2. Special Allocations. The following special allocations shall be made in the following order:

6.2.1. Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(f) of the Regulations, notwithstanding any other provision of this Article 6, if there is a net decrease in Partnership Minimum Gain during any Partnership fiscal year, each Partner shall be specially allocated items of Partnership income and gain for such fiscal year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Regulations. This Section 6.2.1 is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

6.2.2. Partner Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, notwithstanding any other provision of this Article 6, if there is a net decrease in Partner Nonrecourse Debt Minimum Gain attributable to a Partner Nonrecourse Debt

during any fiscal year, each Partner who has a share of the Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Partnership income and gain for such fiscal year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Regulations. This Section 6.2.2 is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

6.2.3. Qualified Income Offset. If any Partner unexpectedly receives any adjustment, allocation or distribution described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, any resulting Adjusted Capital Account Deficit of such Partner as quickly as possible; provided, however, that an allocation pursuant to this Section 6.2.3 shall be made if and only to the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 6 have been tentatively made as if this Section 6.2.3 were not in this Agreement.

6.2.4. Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year shall be allocated among the Partners in proportion to their respective Percentage Interests.

6.2.5. Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any fiscal year shall be allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i).

6.2.6. Certain Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 743(b), Code Section 732(d) or Code Section 734(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts as the result of a distribution to a Partner in complete liquidation of its interest in the

Partnership, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Partners in accordance with their interests in the Partnership as determined under Regulations Section 1.704-1(b)(3) in the event Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Partner to whom such distribution was made in the event Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

6.3. Curative Allocations. The allocations set forth in Sections 6.2.1 through 6.2.6 hereof (***Regulatory Allocations***) are intended to comply with certain requirements of the Regulations and Internal Revenue Service advance ruling requirements. It is the intent of the parties to this Agreement that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of income, gain, loss or deduction pursuant to this Section 6.3. Therefore, notwithstanding any other provision of this Article 6 (other than the Regulatory Allocations and the following sentence), the Tax Matters Partner shall make such offsetting special allocations of Partnership income, gain, loss or deduction in whatever manner it determines in reasonable good faith is appropriate so that, after such offsetting allocations are made, each Partner's Capital Account balance is, to the extent possible, equal to the Capital Account balance which such Partner would have had if the Regulatory Allocations were not part of this Agreement and all Partnership items were allocated pursuant to Section 6.1 hereof. In exercising its discretion under this Section 6.3, the Tax Matters Partner shall take into account Regulatory Allocations under Sections 6.2.1 and 6.2.2 that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 6.2.4 and 6.2.5.

6.4. Other Allocation Rules.

6.4.1. Allocations When Percentage Interests Change. For purposes of determining the Profits, Losses or any other items allocable to any period, Profits, Losses and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Tax Matters Partner using any permissible method under Code Section 706 and the Regulations thereunder; provided, however, that any adjustments to the Agreed Value of a Partnership asset treated as gain or loss under paragraph (c) of the definition of "Profits" and "Losses" or under paragraph (c) of Section 6.4.5 hereof, shall be allocated only to those persons who were Partners immediately before the event giving rise to such adjustment.

6.4.2. Allocation of Particular Items. Except as otherwise provided in this Agreement, all items of Partnership income, gain, loss, deduction and any other allocations not otherwise provided for shall be divided among the Partners in the same proportions as they share Profits or Losses, as the case may be, for the fiscal year or other relevant period.

6.4.3. Tax Reporting. The Partners are aware of the income tax consequences of the allocations made by this Article 6 and hereby agree to be bound by the provisions of this Article 6 in reporting their shares of Partnership income and loss for income tax purposes.

6.4.4. Profit Shares. Solely for purposes of determining a Partner's proportionate share of the Partnership's "excess nonrecourse liabilities," as defined in Regulations Section 1.752-3(a), the Partners' interests in Partnership profits shall be deemed to be in proportion to their respective shares of Profits set forth in Section 6.1.

6.4.5. Book Items Used in Special Allocations. For purposes of determining the Partnership's items of income, gain, loss or deduction for any fiscal year or other relevant period available to be allocated pursuant to Sections 6.2 and 6.3 hereof, the following rules shall be applied:

(a) Exempt Items. Any income of the Partnership that is exempt from federal income tax shall be taken into account as an item of income;

(b) Nondeductible Expenditures. Any Nondeductible Expenditure of the Partnership shall be taken into account as an item of deduction;

(c) Adjustments to Agreed Values. In the event the Agreed Value of any Partnership asset is adjusted pursuant to paragraph (b) or paragraph (c) under the definition herein of "Agreed Value," the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset;

(d) Certain Dispositions. Gain or loss resulting from any disposition of Partnership property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Agreed Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Agreed Value;

(e) Depreciation. In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing the Partnership's

taxable income or loss there shall be taken into account Depreciation for such fiscal year or relevant period; and

(f) Certain Section 734(b) Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Partner's interest in the Partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset.

6.5. Tax Allocations; Code Section 704(c).

6.5.1. Generally. A Partner's allocable share of the Partnership's items of income (including income exempt from tax), gain, deduction, loss and Nondeductible Expenditure for tax purposes shall be determined under the foregoing provisions of this Article 6 except as provided in this Section 6.5.

6.5.2. Contributed Property. In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its initial Agreed Value, determined in accordance with the definition of Agreed Value hereunder.

6.5.3. Adjustments to Agreed Value. If the Agreed Value of any Partnership asset is adjusted pursuant to the definition of Agreed Value hereunder, subsequent allocations of income, gain, loss and deduction with respect to such asset for tax purposes shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Agreed Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

6.5.4. Elections. Upon the request of a transferee of a Partnership Interest or of a distributee of a Partnership distribution, the Partnership shall make the election under Section 754 of the Code in accordance with applicable Regulations thereunder for the first fiscal year in which such election could apply, unless the Tax Matters Partner reasonably determines that such election is not in the best

interest of the Partnership. Subject to Section 11.17, any other elections or other decisions relating to allocations pursuant to this Section 6.5 shall be made by the Tax Matters Partner in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 6.5 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

6.6. Distributions.

6.6.1. In General. Unless otherwise determined by the Executive Committee, the Partnership shall distribute to the Partners in proportion to their respective Percentage Interests, on a fiscal quarterly basis as promptly as practicable after the end of each quarter, all Net Operating Available Cash.

6.6.2. Partner Loans. For so long as any loans made pursuant to Section 4.3(a) remain outstanding, any amounts that would otherwise be distributed pursuant to Section 6.6.1 shall instead be used to repay such loans. Amounts paid pursuant to this Section 6.6.2 shall be apportioned among the holders of such loans in proportion to the relevant amounts owing under each loan.

6.6.3. Liquidating Distributions. Notwithstanding Section 6.6.1 to the contrary, following the dissolution of the Partnership, distributions to the Partners shall be made in accordance with the provisions of Article 10.

6.6.4. Amounts Withheld. All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment or distribution to the Partnership or the Partners shall be treated as amounts distributed to the Partners pursuant to this Section 6.6 for all purposes under this Agreement. The Tax Matters Partner is authorized to withhold from distributions, or with respect to allocations, to the Partners and to pay over to any federal, state or local government any amounts required to be so withheld pursuant to the Code or any other provision of federal, state or local law and shall allocate any such amounts to the Partners with respect to which such amounts were withheld.

ARTICLE 7.
BOOKS AND RECORDS

7.1. Accounting. Except as may be otherwise agreed to by the Executive Committee, the Partnership will maintain books and records for tax purposes in accordance with federal income tax accounting principles utilizing the accrual method of accounting, and for accounting purposes in accordance with GAAP. In addition, the Partnership shall cause to be prepared with respect to each fiscal year of the Partnership financial statements based on GAAP. Appropriate records will be kept so that upon each closing of the Partnership books it is possible to determine, among other items defined in this Agreement, (i) the amount of capital actually contributed by each Partner; (ii) the amount of cash or other property distributed to each Partner; (iii) the effect of all Partnership items of Profit, Loss, income, gain, loss, deduction or credit on each Partner's Capital Account; and (iv) all pertinent expenses and cash disbursement accounts.

7.2. Fiscal Year. Except as may be otherwise determined by the Executive Committee, the fiscal year of the Partnership shall be the twelve months ending December 31 of each year. Notwithstanding the foregoing, the taxable year of the Partnership shall be determined in accordance with Code Section 706(b).

7.3. Statements and Reports. Except as may be otherwise determined by the Executive Committee, as soon as practicable, but in no event later than 45 days after the close of each fiscal year of the Partnership, the Partnership will cause to be prepared and will have furnished to each of the Partners, with respect to such period, (i) a profit and loss statement, (ii) a statement of cash flows, (iii) a Partnership balance sheet as of the close of such period, (iv) such other statements showing in reasonable detail each Partner's interest in each of the items described in Section 7.1., and (v) proportional accounting information with respect to the Partnership's interest in its PCS systems. The foregoing statements will be prepared in accordance with GAAP, consistently applied, and audited by an independent certified public accounting firm of national reputation which shall be designated by the Executive Committee, and the cost of preparing the statements and of each such audit will be paid for by the Partnership. In addition, unaudited quarterly financial reports and updates with respect to the Partnership's business shall be prepared and furnished to each Partner as soon as practicable after the end of each fiscal quarter, but in no event later than 20 days following the close of each fiscal quarter.

7.4. Inspection. The Partnership shall maintain or cause to be maintained complete and accurate books and records with respect to its business. All books of account and all other

records of the Partnership (including an executed counterpart of this Agreement and all amendments hereto) will at all times be kept at the Partnership's principal place of business. Any General Partner and its representatives or designees may, during regular business hours, inspect the books and records of the Partnership, and each General Partner and its auditors may, during regular business hours, conduct an audit of such books and records at its own expense. The Partnership shall provide access to the facilities, systems and books and records of the Partnership to the extent reasonably considered necessary by the auditors and internal audit departments of the inspecting General Partner in the performance of the audits of the inspecting General Partner. Whenever any such audit is conducted by any General Partner and its auditors, such General Partner shall advise the other General Partners and permit the other General Partners and their auditors to be present during such audit.

7.5. Certain Tax Matters.

7.5.1. Preparation of Tax Returns. The Tax Matters Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, losses, deductions, credits, and other items necessary for federal and state income tax purposes, shall provide copies of draft tax returns to all of the Partners at least fifteen days prior to filing the returns and shall use reasonable good faith efforts to furnish to the Partners within ninety days after the close of each taxable year of the Partnership the tax information reasonably required for federal, state and local income tax reporting purposes. The Tax Matters Partner shall use good faith efforts to supply each Partner with the information necessary to determine estimated tax payments or any other information related to taxes reasonably requested by each Partner. The classification, realization, and recognition of income, gains, losses, deductions, credits, and other items shall be on the accrual method of accounting for federal income tax purposes. The Tax Matters Partner shall not change from the accrual method of accounting initially elected by the Partnership (except if required to do so by law) without approval of the Executive Committee.

7.5.2. Tax Elections. Except as provided in Sections 7.5.1 and 11.17, the Tax Matters Partner shall, in its sole discretion, determine whether to make any election available under the Code or any other applicable taxing statute.

7.5.3. Tax Controversies. Within 60 days after the date hereof, the Executive Committee shall select a General Partner to serve as the initial Tax Matters Partner and in any other similar capacity under state or local law for an initial term ending November 15, 1996. Upon expiration of such term, the other General Partner shall be designated to act as the Tax

Matters Partner and the General Partners shall thereafter alternate as Tax Matters Partner for two year periods during the term of this Agreement. The Tax Matters Partner is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each of the Partners agrees to cooperate with the Tax Matters Partner and to do or refrain from doing any and all things reasonably required by the Tax Matters Partner to conduct such proceedings. The Partner designated as the Tax Matters Partner shall serve in such role until the earlier of (i) the expiration of its term, (ii) its resignation or (iii) a determination by the Executive Committee that a different Partner should serve as the Tax Matters Partner.

7.6. Bank Accounts. The Partnership shall maintain appropriate accounts at one or more financial institutions for all funds of the Partnership. Such accounts shall be used solely for the business of the Partnership. Withdrawal from such accounts shall be made only upon the signature of those persons authorized by the Executive Committee.

ARTICLE 8.
TRANSFER OF PARTNERSHIP INTERESTS; CHANGE OF OWNERSHIP; ADDITIONAL PARTNERS

8.1. Certain Definitions. The following terms when used in this Agreement will have the respective meanings set forth below:

Holding Company means any person of which a Partnership Interest or the direct or indirect ownership thereof comprises all or substantially all of its value in the reasonable judgment of the Executive Committee (as determined by affirmative vote of members of the Executive Committee representing Partners who then hold a majority of the then outstanding Percentage Interests of all Partners excluding the Partner whose Partnership Interest is at issue).

Equity Interest means any equity interest in a Holding Company.

Transfer means any disposition of all or any part of a Partnership Interest or an Equity Interest, voluntarily, involuntarily or by operation of law, including, without limitation, any sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or merger; provided, however, that any transaction involving a transfer both of ownership of a Partner's entire Partnership Interest and of

other substantial (in the reasonable judgment of the Executive Committee as determined by affirmative vote of members of the Executive Committee representing Partners who then hold a majority of the then outstanding Percentage Interests of all Partners excluding the Partner whose Partnership Interest is at issue) assets of such Partner or its Affiliates shall not constitute a Transfer.

8.2. Restrictions on Transfer of Interests. Except as otherwise expressly permitted by this Agreement, no Partner or its Affiliates shall Transfer all or any part of its Partnership Interest or all or any part of its Equity Interest, unless (i) such Transfer is permitted pursuant to Section 8.3 hereof and (ii) such Partner has complied with the provisions of Section 8.4 hereof. Any Transfer or purported Transfer of any Equity Interest or Partnership Interest not made in accordance with this Article 8 shall be null and void, but shall give rise to the consequences described in Section 8.8 hereof.

8.3. Permitted Transfers. Subject to the conditions and restrictions set forth in Section 8.4 hereof, (a) a Partner or its Affiliates may at any time Transfer all or any portion of its Partnership Interest or Equity Interest to a Wholly Owned Affiliate of the transferor without the consent of the Executive Committee if such Wholly Owned Affiliate agrees in writing to be bound by the terms and conditions of this Agreement applicable to the transferor as if it had been a signatory hereto, (b) a Partner or its Affiliates may transfer its Partnership Interests or Equity Interests in PCSCO or PCSN, as the case may be, to Cellco and WMC, respectively, (c) a Partner or its Affiliates may make broadly dispersed, underwritten public offerings of Equity Interests, or (d) a Partner Parent may make a tax-free spinoff qualifying under section 355 of the Code, to its shareholders of an entity the assets of which include all, but not less than all, of such Partner Parent's ownership interest in the Partnership and PCSCO or PCSN, as the case may be. A Transfer of less than all of a Partner's Partnership Interest pursuant to this Section 8.3 shall be deemed to constitute a transfer of both the General Partner and Limited Partner Percentage Interests of such Partner pro rata in proportion to the portion of such Partner's entire Partnership Interest transferred. In addition, a Partner or its Affiliates may effect a spin-off, distribution or dividend of Equity Interests to the shareholders of the Partner Parents of the Partner or Affiliate. In the event that a Transfer permitted under this Section 8.3 causes a termination of the Partnership under Section 708 of the Code, the transferee shall indemnify and hold harmless the other Partners from all costs or other adverse effects (including, but not limited to, the reduction of tax benefits attributable to depreciation or amortization) resulting from such termination.

8.4. Effective Transfer.

(a) Prior to the date of any Transfer of a Partnership Interest, the transferor and transferee shall furnish the Partnership with the transferee's taxpayer identification number, sufficient information to determine the transferee's initial tax basis in the Partnership Interest transferred, and any other information reasonably necessary to permit the Partnership to file all required federal, state and local tax returns and other legally required information statements or returns. Without limiting the generality of the foregoing, the Partnership shall not be required to make any distribution otherwise provided for in this Agreement with respect to any transferred Partnership Interest until it has received such information.

(b) Prior to the Transfer of any Partnership Interest, the transferee shall:

(i) execute an amendment of this Agreement or a counterpart to the signature page of this Agreement which shall provide, "The undersigned hereby accepts and agrees to be bound by all of the terms and provisions of this Agreement and shall become a substitute Partner under this Agreement"; and

(ii) if the transferee is a corporation, provide the Partnership with evidence satisfactory to the Partnership of its authority to become a Partner and to be bound by the terms of this Agreement.

(c) Prior to the Transfer of any Partnership Interest or Equity Interest, the transferee shall:

(i) provide an opinion of counsel to the Partnership that the Transfer does not (a) violate the then applicable federal or state securities laws or rules and regulations of the Securities and Exchange Commission or any successor thereto, any state securities commission and any other government agencies with jurisdiction over such Transfer; (b) subject the Partnership to greater regulation or restriction under the MFJ than existed immediately prior to such admission; (c) subject the Partnership to any federal, state or local rule, regulation or law that materially adversely affects the business or financial condition of the Partnership; or (d) materially adversely affect the Partnership's existence or qualification under the Act; and

(ii) provide the Partnership with evidence satisfactory to the Partnership that any necessary prior consents have been obtained from any regulatory authorities.

8.5. Change of Ownership. Upon any Change of Control of a General Partner (other than a Change of Control resulting from a change of control of a Partner Parent) (a ***Change of Ownership***), the Partner subject to the Change of Ownership shall promptly give notice thereof to the other General Partner and the Partner not undergoing the Change of Ownership shall be entitled, at any time within a 90-day period following the later of such notice or the Change of Ownership, to purchase all but not less than all of the Partnership Interest of the Partner undergoing the Change of Ownership at a purchase price equal to the Private Market Value of the Partnership Interest determined as described below. In the event that a Partnership Interest is not purchased pursuant to the preceding sentence, any Person effecting such Change of Ownership shall, by binding written instrument which shall be enforceable by the Partnership and the other Partners, assume all of the obligations and liabilities hereunder of the Partner which is the subject of such Change of Ownership. ***Private Market Value*** means, with respect to any interest in the Partnership, as of the date of determination, the Fair Market Value of such asset adjusted to include a pro rata share of any control premium inherent in a sale of the Partnership as a whole. ***Fair Market Value*** shall have the meaning ascribed thereto in the Tomcom Partnership Agreement and the Fair Market Value, as of the date of determination, of any asset shall be determined (a) by mutual agreement of the General Partners or (b) if no such agreement is reached within ten days of the relevant date of determination, as follows:

(i) Selection of Appraisers. Each General Partner shall designate by written notice to the Partnership and each General Partner a firm of recognized national standing familiar with appraisal techniques applicable to assets of the type being evaluated to serve as an Appraiser pursuant to this Section 8.5 (the firms designated by the General Partners being referred to herein ***First Appraiser*** and the ***Second Appraiser***, respectively) with five business days after the failure to reach agreement in accordance with the terms of clause (a) above. In the event that either General Partner fails to designate its or their Appraiser within the foregoing time period, the other shall have the right to designate such Appraiser by notifying the failing party or parties in writing of such designation (and the Appraiser so designated shall be the First Appraiser or the Second Appraiser, as the case may be).

(ii) Evaluation Procedures. Each Appraiser shall be directed to determine the Private Market Value of the asset. Each Appraiser will also be directed to deliver an Appraiser's Certificate to each General Partner on or before the 30th day after their respective designation (the ***Certificate Date***), upon the conclusion of its evaluation, and each Appraiser's Certificate once delivered may not be retracted or modified in any respect. Each Appraiser will keep confidential all information disclosed by the Partnership in the course of conducting its evaluation, and, to that end, will execute such customary documentation as the Partnership may reasonably request with respect to such confidentiality obligation. The General Partners will cooperate in causing the Partnership to provide each Appraiser with such information within the Partnership's possession that may be reasonably requested in writing by the Appraiser for purposes of its evaluation hereunder. The Appraisers shall consult with each other in the course of conducting their respective evaluations. Each General Partner shall have full access to each Appraiser's work papers. Each Appraiser will be directed to comply with the provisions of this Section 8.5, and to that end each party will provide to its respective Appraiser a complete and correct copy of this Section 8.5 (and the definitions of capitalized terms used in this Section 8.5 that are defined elsewhere in this Agreement).

(iii) Private Market Determination. The Private Market Value of any asset shall be determined on the basis of the Appraisers Certificates in accordance with the provisions of this subparagraph (iii). The higher of the values set forth on the Appraisers' Certificates is hereinafter referred to as the ***Higher Value***, and the lower of such values is hereinafter referred to as the ***Lower Value***. If the Higher Value is not more than 110% of the Lower Value, the Private Market Value will be the arithmetic average of such two Values. If the Higher Value is more than 110% of the Lower Value, a third appraiser shall be selected in accordance with the provisions of subparagraph (iv) below, and the Private Market Value will be determined in accordance with the provisions of subparagraph (v) below.

(iv) Selection of and Procedures for Third Appraiser. If the Higher Value is more than 110% of the Lower Value, within seven days thereafter the First

Appraiser and the Second Appraiser shall agree upon and jointly designate a third firm of recognized national standing familiar with appraisal techniques applicable to assets of the type being evaluated to serve as an appraiser pursuant to this Section 8.5 (the ***Third Appraiser***), by written notice to each General Partner. The General Partners shall direct the Third Appraiser to determine the Private Market Value of the asset (the ***Third Value***) in accordance with the provisions of subparagraph (ii) above, and to deliver to the General Partners and Appraiser's Certificate on or before the 30th day after the designation of such appraiser hereunder. The Third Appraiser will be directed to comply with the provisions of this Section 8.5, and to that end of the parties will provide to the Third Appraiser a complete and correct copy of this Section 8.5 (and the definitions of capitalized terms used in this Section 8.5 that are defined elsewhere in this Agreement).

(v) Alternative Determination of Private Market. Upon the delivery of the Appraiser's Certificate of the Third Appraiser, the Private Market Value will be determined as provided in this subparagraph (v). The Private Market Value will be (w) the Lower Value, if the Third Value is less than the Lower Value, (x) the Higher Value, if the Third Value is greater than the Higher Value, (y) the arithmetic average of the Third Value and the other Value (Lower or Higher) that is closer to the Third Value if the Third Value falls within the range between (and including) the Lower Value and the Higher Value and (z) the Third Value, if the Lower Value and the Higher Value are equally close to the Third Value.

(vi) Costs. Each General Partners will bear the cost of the Appraiser designated by it or on its behalf. If the Higher Value is not more than 115% of the Lower Value, or if the Higher Value and the Lower Value are equally close to the Third Value, each General Partner shall bear 50% of the cost of the Third Appraiser, if any; otherwise, the party whose Appraiser's determination of Private Market Value is further away from the Third Value shall bear the entire costs of the Third Appraiser. The General Partners agree to pay when due the fees and expenses of the Appraisers in accordance with the foregoing provisions.

(vii) Conclusive Determination. To the fullest extent provided by law, the determination of the Private

Market Value made pursuant to this Section 8.5 shall be final and binding on the Partnership and the Partners hereto, and such determination shall not be appealable to or reviewable by any court or arbitrator; provided that the foregoing shall not limit a Partner's rights to seek arbitration of the obligations of the other Partners and the Partnership hereunder.

8.6. Additional Partners. Additional partners may be admitted to the Partnership as General Partners or Limited Partners upon approval by the Executive Committee.

(a) Any additional partner admitted to the Partnership pursuant to this Section 8.6 (the ***Additional Partner***) shall become a Partner in the Partnership and shall be bound by this Agreement upon the completion of the following:

(i) Execution by the Additional Partner of an amendment of this Agreement or a counterpart to the signature page of this Agreement which shall provide, "The undersigned hereby accepts and agrees to be bound by all of the terms and provisions of this Agreement.";

(ii) If the Additional Partner is a corporation, it shall have provided the Partnership with evidence satisfactory to the Partnership of its authority to become a Partner and to be bound by the terms of this Agreement;

(iii) The Additional Partner shall have provided an opinion of counsel to the Partnership that the admission of the Additional Partner does not (a) violate the then applicable federal or state securities laws or rules and regulations of the Securities and Exchange Commission or any successor thereto, any state securities commissions and any other government agencies with jurisdiction over the Partnership; (b) subject the Partnership to greater regulation or restriction under the MFJ than existed immediately prior to such admission; (c) subject the Partnership to any federal, state or local rule, regulation or law that materially adversely affects the business or financial condition of the Partnership; or (d) materially adversely affect the Partnership's existence or qualification under the Act; and

(iv) Any necessary prior consents shall have been obtained from any regulatory authorities.

8.7. Covenant Not to Withdraw or Dissolve. Notwithstanding any provision of the Act, each Partner hereby covenants and agrees that the Partners have entered into this Agreement based on their mutual expectation that, except as otherwise expressly required or permitted hereby, no Partner shall withdraw or retire from the Partnership, be entitled to demand or receive a return of such Partner's contributions or profits (or a bond or other security for the return of such contributions or profits), or exercise any power under the Act to dissolve the Partnership without the approval of the Executive Committee.

8.8. Consequences of Breaches of Covenant. Notwithstanding anything to the contrary in the Act, if a Partner or its Affiliate (***Breaching Partner***) (i) attempts to Transfer its Partnership Interest or Equity Interest in breach of Section 8.2, (ii) attempts to cause a partition in breach of Section 2.7, (iii) attempts to withdraw from the Partnership or dissolve the Partnership in breach of Section 8.7, or (iv) suffers an Event of Bankruptcy, the Partnership shall continue and such Breaching Partner shall be subject to this Section 8.8 and in such event, the following shall occur:

(a) (i) the Breaching Partner shall immediately cease to be a General Partner, (ii) the general partnership interests in the Partnership of such Breaching Partner shall automatically be deemed to become limited partnership interests, (iii) such Breaching Partner shall have no right to participate in the management of the Partnership, including the right to appoint members at the Executive Committee, and shall have no further power to act for or bind the Partnership, and (iv) the other Partners are, without necessity of any further action or documentation, hereby appointed attorneys-in-fact of the Breaching Partner for the purpose of carrying out the provisions of this Section 8.8 and taking any action and executing any documents which such Partners may deem necessary or advisable to accomplish the purposes hereof, such appointment being irrevocable and coupled with an interest;

b the other Partners shall continue to have the right to possess the Partnership's property and goodwill and to conduct its business and affairs;

c the Breaching Partner shall be liable in damages, without requirement of a prior accounting, to the Partnership for all costs and liabilities that the Partnership or any Partner may incur as the result of such breach;

d the Partnership shall have no obligation to pay to the Breaching Partner its contributions, capital, or profits, but may, by notice to the Breaching Partner within 30

days of its withdrawal, elect to make Breach Payments (as hereinafter defined) to the Breaching Partner in complete satisfaction of the Breaching Partner's interest in the Partnership;

(e) if the Partnership does not elect to make Breach Payments pursuant to Section 8.8(d) hereof, the Partnership shall treat the Breaching Partner as if it were an unadmitted assignee of the interest of the Breaching Partner and shall make distributions and allocations to the Breaching Partner only of those amounts and items otherwise payable or allocable with respect to such interest hereunder;

(f) the Partnership may apply any distributions otherwise payable with respect to such interest (including Breach Payments) to satisfy any claims it may have against the Breaching Partner;

(g) the Breaching Partner shall have no right to inspect the Partnership's books or records or obtain other information concerning the Partnership's operations; and

(h) the Breaching Partner shall continue to be liable to the Partnership for any unpaid capital contributions required hereunder with respect to such interest and to be jointly and severally liable with the other Partners for any debts and liabilities (whether actual or contingent, known or unknown) of the Partnership existing at the time the Breaching Partner withdraws or dissolves.

8.8.1. Breach Payments. For purposes hereof, Breach Payments shall be made in five installments, each equal to 20% of the Breach Amount, payable on the next five consecutive anniversaries of the breach by the Breaching Partner, with simple interest accrued from the date of such breach through the date each such installment is paid on the unpaid balance of such Breach Amount at the lowest rate per annum necessary to avoid imputed interest on such payments under the Code. The Breach Amount shall be an amount equal to 90% of the greater of (i) 100 dollars or (ii) the Capital Account balance (calculated on the assumption that Partner Notes then outstanding are not repaid) of the Breaching Partner as of the last day of the month preceding the month during which such breach occurred, less any Partnership distributions to the Breaching Partner after such day. In addition, any Partner Note of the Breaching Partner shall be cancelled, but without the necessity of making any payment in respect thereof. The Breach Amount as so determined shall be final and binding on the Partnership and the Breaching Partner. The Partnership may, at its sole election, prepay all or any portion of the Breach Payments or interest accrued thereon at any time without penalty.

8.8.2. No Bonding. Notwithstanding anything to the contrary in the Act, if, under Section 8.8(e) hereof, the Partnership treats a Breaching Partner as an unadmitted assignee of an interest in the Partnership, the Partnership shall not be obligated to secure the value of the Breaching Partner's interest by bond or otherwise; provided, however, that if a court of competent jurisdiction determines that, in order to continue the business of the Partnership such value must be so secured, the Partnership may provide such security. If the Partnership provides such security, the Breaching Partner shall not have any right to participate in Partnership profits or distributions during the term of the Partnership, or to receive any interest on the value of such interest. For this purpose, the value of the interest of the Breaching Partner shall be an amount equal to 90% of the greater of (i) 100 dollars or (ii) the Capital Account balance (calculated on the assumption that Partner Notes then outstanding are not repaid) of such interest as of the last day of the month preceding the month during which the breach by the Breaching Partner occurs.

ARTICLE 9.
CONFIDENTIALITY

9.1. Maintenance of Confidentiality. Each of the Partners shall, during the term of this Agreement and at all times thereafter, maintain in confidence all confidential and proprietary information and data of the Partnership and the other Partner or its Affiliates disclosed to it (the ***Confidential Information***). Each of the Partners further agrees that it shall not use the Confidential Information during the term of this Agreement or at any time thereafter for any purpose other than the performance of its obligations or the exercise of its rights under this Agreement. The Partnership and each Partner shall take all reasonable measures necessary to prevent any unauthorized disclosure of the Confidential Information by any of their employees, agents or consultants.

9.2. Permitted Disclosures. (a) Nothing herein shall prevent the Partnership, any Partner, or any employee, agent or consultant of the Partnership or any Partner (the ***receiving party*** from using, disclosing, or authorizing the disclosure of any information it receives in the course of the business of the Partnership which:

(i) becomes publicly available without default hereunder by the receiving party;

(ii) is lawfully acquired by the receiving party from a source not under any obligation to the disclosing party regarding disclosure of such information;

(iii) is in the possession of the receiving party in written or other recorded form at the time of its disclosure hereunder;

(iv) is non-confidentially disclosed to any third party by or with the permission of the disclosing party; or

(v) the receiving party believes in good faith to be required to be disclosed by law or by the terms of any listing agreement with a securities exchange, provided that the receiving party consults with the other Partners prior to making such disclosure.

(b) Nothing contained herein shall prevent the receiving party from disclosing any Confidential Information in connection with any corporate transaction (including, without limitation, the issuance of debt or equity, any merger, consolidation, acquisition or disposition of assets, or the formation of a joint venture, partnership or other affiliation) related to the Partnership or any Partner Parent or Affiliate thereof if the receiving party agrees in writing to keep in confidence such Confidential Information in accordance with the terms of this Section 9.2.

ARTICLE 10.
DISSOLUTION AND LIQUIDATION

10.1. Dissolution Generally.

a The Partnership will be dissolved on the earliest of (i) an affirmative vote of the Executive Committee; (ii) delivery of the Change of Control Dissolution Notice contemplated by Section 10.1(c); or (iii) 12:00 midnight on the Termination Date (hereinafter defined); provided, however, that the Partnership shall not terminate until its affairs have been wound up and its assets distributed as provided herein (a ***Dissolution Event***).

b Without the unanimous written consent of the Partners, each Partner agrees not to withdraw as a Partner or do anything that would otherwise dissolve the Partnership (except as permitted by the terms of Article 10). Notwithstanding the foregoing, if a General Partner withdraws from the Partnership, upon such withdrawal, (i) the general partner interests in the Partnership of such Partner shall automatically be deemed to become limited partner interests in the Partnership and (ii) such Partner shall have no right to participate in the management of the business and affairs of the

Partnership, including the right to designate members of the Executive Committee.

(c) Changes of Control. In the event of a Change of Control (hereinafter defined) of any General Partner (such Partner, the ***Change of Control Partner***), the other General Partner shall have the right to elect, by notice in writing to all Partners (the ***Change of Control Dissolution Notice***), to cause the Partnership to be dissolved and liquidated in accordance with Section 10.3. Such Change of Control Dissolution Notice shall be given not later than 90 days after the Change of Control, and, if not given within such period, the right to cause a dissolution and liquidation based on such Change of Control will cease. ***Change of Control*** shall be deemed to have occurred when (i) any Person, other than a Partner Parent of such Partner or a Wholly Owned Affiliate of such Partner Parent (an ***Unaffiliated Entity***), shall acquire (whether by merger, consolidation, sale, assignment, lease, transfer or otherwise, in one transaction or a series of related transactions), or otherwise beneficially own 50% or more of the outstanding voting securities of any Partner (or any entity which, directly or indirectly through the ownership of one or more majority-owned successive subsidiary entities, owns more than 50% of the outstanding voting interests in such Partner) (a ***Control Entity***) or (ii) the Partner Parents of such Partner shall otherwise cease to beneficially own a majority of the outstanding voting securities of such Partner or any Control Entity of such Partner. Notwithstanding the foregoing, the transactions contemplated by Section 8.3 shall not constitute a Change of Control hereunder.

d The **Termination Date** shall mean December 31, 2014, provided that the Termination Date shall be October 20, 2001 if (i) either Partner elects in its sole discretion in light of business circumstances at that time to terminate the Partnership on that date, and (ii) the Tax Cost (hereinafter defined) associated with such termination would not exceed $100 million. ***Tax Cost*** shall mean the total amount of Taxes which would be recognized by all Partners as a result of the liquidation of the Partnership in accordance with Section 10.3 hereof immediately after the Termination Date.

10.2. Bankruptcy of a General Partner. If a General Partner suffers an Event of Bankruptcy at such time the bankrupt Partner is the only General Partner, the other Partners may (i) consent in writing to dissolve the Partnership or (ii) within 90 days after such Event of Bankruptcy occurs, agree in writing to continue the business of the Partnership and to appoint,

effective as of the date of such Event of Bankruptcy, one or more additional General Partners. In the case of clause (ii), the business of the Partnership shall be carried on by such newly appointed General Partner(s) and the bankrupt Partner shall have its general partnership interest in the Partnership converted into a limited partner interest in the Partnership and continue to be, or become a Limited Partner subject to the provisions of Section 10.2. In the event the remaining Partners fail to make any election pursuant to this Section 10.2, the Partnership shall be dissolved. In the event any General Partner shall become a "debtor" as defined in the United States Bankruptcy Code of 1978, as amended (the ***Bankruptcy Code***) in any case commenced thereunder and at any time during the pendency of such case there shall be appointed (i) a trustee with respect to the bankrupt Partner under Section 701, 702 or 1104 of the Bankruptcy Code (or any successor provisions thereto), or (ii) an examiner having expanded powers beyond those specifically enumerated in Section 1104(b) of the Bankruptcy Code, then the other Partners may, at any time thereafter, so long as such condition exists, elect to dissolve the Partnership, in which event the affairs of the Partnership shall be wound up as provided in this Article 10.

10.3. Liquidation.

(a) Upon dissolution of the Partnership, the Partner selected by the Executive Committee shall be the liquidator of the Partnership (the ***Liquidating Partner***). The Liquidating Partner shall be entitled to receive such compensation for its services as may be approved by the Executive Committee. The Liquidating Partner shall not resign at any time without fifteen days' prior written notice and may be removed only by a decision of the Executive Committee. Upon dissolution, resignation, or removal of the Liquidating Partner, a successor and substitute Liquidating Partner (who shall have and succeed to all rights, powers, and obligations of the original Liquidating Partner) shall, within thirty days thereafter, be approved by the Executive Committee. Except as expressly provided in this Article 10, the Liquidating Partner approved in the manner provided herein shall have and may exercise, without further authorization or approval of the Executive Committee or any Partner, all of the powers conferred upon the Tax Matters Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers) to the extent appropriate or necessary in the good faith judgment of the Liquidating Partner to carry out the duties and functions of the Liquidating Partner hereunder for and during such period of time as shall be reasonably required in the good faith judgment of the Liquidating Partner to complete the winding-up and liquidation of the

Partnership as provided for herein. Prior to any distribution, the Capital Accounts of the Partners shall be adjusted pursuant to Article 6 to reflect their respective distributive shares of the income, gain, loss and deduction of the Partnership up through and including the date of distribution (including any income, gain, loss, and deduction that arises by reason of the adjustment of the Agreed Values of Partnership assets that occurs by reason of the dissolution). The Liquidating Partner shall, subject to providing adequate reserves for the payment of amounts payable under Section 10.3(a)(i) hereof, implement the definitive liquidation plan described in Section 10.3(e) and shall distribute assets among the Partners as contemplated thereby (with the Agreed Value being debited against such Partner's Capital Account balance), provided that no Partner may receive an amount in excess of its positive Capital Account balance. If any assets still remain in the Partnership, the Liquidating Partner shall liquidate such assets and apply and distribute the proceeds of such liquidation in the following order and priority, to the maximum extent permitted by law:

(i) First, to creditors of the Partnership (including Partners to the extent permitted by law) in satisfaction of the Partnership's known debts and liabilities (whether by payment or the making of provision for the known amount thereof); and

(ii) Second, to the Partners, in proportion to and to the extent of the positive balances in their respective Capital Accounts appropriately adjusted as set forth above.

(e) On or before December 31, 2013, unless a Partner has elected to cause the Termination Date to be October 20, 2001, in which case on or before October 20, 2000, or on or before the 30th day after an event described in Section 10.1(a)(i) or (ii) or any other event of dissolution, each General Partner shall submit a proposed plan of liquidation of the Partnership (a ***Liquidating Proposal***) to the Executive Committee. The Liquidating Proposals shall provide for distributions to Partners of the Partnership's assets, in kind, in proportion to and to the extent of the respective balances in their Capital Accounts adjusted as provided in Section 10.3(a)(ii). Subject to the foregoing, a Liquidating Proposal shall also take into account the following considerations (with the matters described in clause (i) and (ii)(E) on the one hand and clauses (ii)(A), (B) and (C) on the other hand, being given equal weight):

(i) To the extent practicable, the Liquidating Proposal shall be designed to minimize the imposition of taxes upon the Partners (and may, to that end, provide for the continuation of certain operations) and to provide for a distribution of Section 751 property on a pro rata basis.

(ii) The proposed allocation of PCS Licenses and related properties (including equity interests in entities owned by the Partnership) among the Partners shall be developed with a view to achieving the following objectives:

(A) Each Partner shall receive PCS Licenses covering geographical areas which, in the aggregate, contain an approximately equal number of natural persons in the service area;

(B) Each PCS License shall be distributed to the Partner, if any, which holds other wireless telecommunications businesses that are contiguous to or would otherwise have geographical synergy with such PCS License;

(C) PCS Licenses concentrated in a particular geographic area shall be distributed to a single Partner;

(D) The indirect joint ownership of a PCS License by the Partnership and a Designated Entity and the terms of such relationship shall be taken into account in determining the relative value of such interest; and

(E) The amount of any cash payment needed to offset the receipt by a Partner of PCS Licenses and related assets and liabilities having a fair market value greater than such Partner's proportionate share of the positive Capital Account balances of the Partners shall be minimized, and to that end, the proposed allocation may provide for the continuation of certain operations in joint venture or partnership form.

c The Executive Committee shall consider each Liquidating Proposal in good faith and shall adopt a plan of liquidation of the Partnership by unanimous vote within twenty days of receiving the Liquidating Proposals. If the Executive Committee is unable to agree upon a mutually satisfactory plan of liquidation, each of the General Partners shall first refer the matter to the

chief executive officer of the respective Partner Parent designated by each such General Partner for resolution by unanimous vote of such chief executive officers. If such officers are unable to resolve the dispute within 20 days after the matter has been referred to them, they shall refer the matter to arbitration in accordance with paragraph (d) below.

(d) Not later than 10 days following the failure of the designated chief executive officers of the Partner Parents to agree upon a plan of liquidation, the issue shall be submitted to arbitration by a single arbitrator under the direction of the American Arbitration Association. The situs of the arbitration shall be Chicago, Illinois. The arbitrator shall be selected by the General Partners and shall be familiar with the PCS and cellular industries. If the General Partners cannot agree on the arbitrator within 10 days of the submission of the dispute to arbitration, an arbitrator with such qualifications shall be named by the American Arbitration Association within 10 days thereafter. Each of the Liquidating Proposals submitted by the General Partners to the Executive Committee pursuant to Section 10.3(c) above shall be presented to the arbitrator. Within 45 days of the submission of the Liquidating Proposals to arbitration, the arbitrator shall select the Liquidating Proposal that the arbitrator determines best satisfies the criteria set forth in Sections 10.3(b)(i) and 10.3(b)(ii) above. The arbitrator must select one such Liquidating Proposal in its entirety, without incorporating terms from any other Liquidating Proposal or varying, modifying or otherwise altering the terms of the Liquidating Proposal in any way. The arbitrator shall have no right to include or decide issues other than the selection of a Liquidating Proposal and the Agreed Values of any asset to be distributed. The decision of the arbitrator shall be final, unappealable and legally binding and the Partnership shall promptly implement the Liquidating Proposal selected by the arbitrator. Except as specified herein, the then existing Commercial Arbitration Rules of the American Arbitration Association shall govern the conduct of the arbitration.

(e) After a definitive plan of liquidation pursuant to this Section 10.3 has been approved, the Executive Committee and each Partner and its Affiliates shall promptly seek all necessary regulatory and other approvals and shall take all other necessary actions to effect such plan of liquidation.

10.4. Distribution in Trust. Notwithstanding the provisions of Section 10.3 requiring the liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, in the discretion of the Executive Committee, a pro rata portion of the distributions that would otherwise be made to the Partners pursuant to Section 10.3(a)(ii) hereof may be:

(a) distributed to a trust established for the benefit of the Partners for the purposes of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent or unforeseen liabilities or obligations of the Partnership or of the Partners arising out of or in connection with the Partnership. The assets of any such trust shall be distributed to the Partners from time to time, in the reasonable discretion of the Executive Committee, in the same proportions as the amount distributed to such trust by the Partnership would otherwise have been distributed to the Partners pursuant to this Agreement; or

(b) withheld to provide a reasonable reserve of Partnership liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership, provided that such withheld amounts shall be distributed to the Partners as soon as practicable.

In exercising its rights under this Section 10.4, the Executive Committee must comply with the liquidating distribution timing requirements of Section 10.6 hereof. By way of clarification, for purposes of determining the Partners' respective shares of income, gain, loss, and deduction of the Partnership for the taxable year of the Partnership in which the distribution in liquidation occurs and of adjusting the Capital Accounts of the Partners therefor in accordance with Section 10.3 and Article 6, the definitions herein of "Agreed Value" and "Profits" and "Losses" require that Partnership assets to be distributed to the trust referred to in clause (a) above or to the Partners in accordance with Section 10.3 hereof shall be considered to have been first sold at their fair market values (taking Code Section 7701(g) into account) and the Profits or Losses deemed realized therefrom shall be allocated among the Partners as if an actual sale had occurred, and the Capital Accounts of the Partners shall be adjusted to reflect such allocation in accordance with Article 6. The fair market value of any property distributed to such trust shall be the value determined by the Executive Committee.

10.5. Rights of Partners. Except as otherwise provided in this Agreement, each Partner shall look solely to the assets of the Partnership for the return of its capital contributions and

shall have no right or power to demand or receive property other than cash from the Partnership. No Partner shall have priority over any other Partner as to the return of his capital contributions, distributions, or allocations except as provided in this Agreement.

10.6. Compliance with Timing Requirements of Regulations. In the event that the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), then distributions shall be made pursuant to Section 10.3 to the Partners who have positive Capital Accounts in compliance with the timing requirements of Regulations Section 1.704-1(b)(2)(ii)(b)(2). If any Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), such Partner shall contribute to the capital of the Partnership the amount necessary to restore such deficit balance to zero in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(3).

10.7. Non-Dissolving Code Section 708(b) Terminations. Notwithstanding any other provision of this Article 10, in the event that the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Dissolution Event has occurred, the Partnership's assets shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up. Instead, the Partnership shall be deemed to have distributed the assets of the Partnership in kind to the Partners, who shall be deemed to have assumed and taken subject to all Partnership liabilities, all in accordance with their Capital Accounts and if any Partner's Capital Account has a deficit balance (after giving effect to all contributions, distributions, and allocations for all fiscal years, including the fiscal year during which such liquidation occurs), such Partner shall contribute to the capital of the Partnership the amount necessary to restore such deficit balance to zero in compliance with Regulation Section 1.704-1(b)(2)(ii)(b)(3). Immediately thereafter the Partners shall be deemed to have recontributed such assets in kind to the Partnership, which shall be deemed to have assumed and taken subject to all such liabilities.

10.8. Allocations during the Period of Liquidation. Until the date on which all of the assets of the Partnership have been distributed to the Partners pursuant to Section 10.3 hereof, the Partners shall continue to share Profits, Losses and other items of Partnership income, gain, deduction and loss as provided in Article 6 hereof.

ARTICLE 11.
MISCELLANEOUS PROVISIONS

11.1. Further Assurances. From and after the date of execution and delivery of this Agreement, the Partners shall execute and deliver such further documents and instruments and shall do such further acts and things as any Partner may reasonably request in order to effectuate the transactions contemplated by this Agreement. The Partners shall cooperate and assist one another in the performance of the provisions of this Agreement and shall take such steps as are reasonably necessary to allow another party to this Agreement to discharge its obligations under this Agreement.

11.2. Assignment. No Partner may assign or otherwise transfer, including, without limitation, by operation of law, this Agreement or any of its rights or obligations hereunder except in accordance with the provisions of Articles 8 and 10. Subject to the foregoing, this Agreement shall be binding upon the Partners, their legal representatives, successors and assigns.

11.3. Breach; Equitable Relief. The Partners acknowledge that the rights of the Partners described in this Agreement are unique and that money damages alone for breach of this Agreement would not constitute an adequate remedy. Any Partner aggrieved by a breach of the provisions hereof may bring an action at law or suit in equity to obtain redress, including without limitation specific performance, injunctive relief or any other available equitable remedy. Time and strict performance are of the essence in this Agreement.

11.4. Amendment. No amendment to this Agreement shall be valid unless such amendment is in writing and is signed by authorized representatives of the parties hereto.

11.5. Waiver. Any of the terms and conditions of this Agreement may be waived at any time and from time to time in writing by the party entitled to the benefit thereof, but a waiver in one instance shall not be deemed to constitute a waiver in any other instance. A failure to enforce any provision of this Agreement shall not operate as a waiver of such provision or of any other provision hereof.

11.6. Severability. In the event that any provision of this Agreement shall be held invalid, illegal or unenforceable in any circumstance, the remaining provisions shall nevertheless remain in full force and effect and shall be construed as if the unenforceable portion or portions were deleted.

11.7. Construction. None of the provisions of this Agreement shall be for the benefit of or enforceable by any third party; provided, however, that Mandatory Indemnitees shall have the right to enforce the indemnification provisions of Section 5.2 as such provisions apply to them. No third party, including without limitation any creditor or employee of the Partnership, shall have any rights against the Partners or any of their Affiliates, successors or assigns by reason of or under this Agreement.

11.8. Governing Law; Arbitration.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF.

(b) Each Partner hereby irrevocably appoints The Corporation Trust Company, at its office in Wilmington, Delaware, United States of America, its lawful agent and attorney to accept and acknowledge service of any and all process against it in any action, suit or proceeding arising in connection with this Agreement and upon whom such process may be served, with the same effect as if such party were a resident of the State of Delaware and had been lawfully served with such process in such jurisdiction, and waives all claim of error by reason of such service; provided that in the case of any service upon such agent and attorney, the party effecting such service shall also deliver a copy thereof to the other party at the address and in the manner specified in Section 11.12. In the event that such agent and attorney resigns or otherwise becomes incapable of acting as such, such party will appoint a successor agent and attorney in Wilmington, Delaware, reasonably satisfactory to the other party, with like powers.

(c) Each Partner hereby acknowledges that this Agreement is subject to the Arbitration Agreement of the Partners which is being entered into of even date herewith, and the Arbitration Agreement will govern the resolution of disputes relating to this Agreement in accordance with its terms. Each Additional Partner or substitute Partner shall execute the Arbitration Agreement or a counterpart to the Arbitration Agreement on or prior to its admission to the Partnership.

11.9. Attorneys' Fees. If suit or action is filed by any Partner to enforce the provisions of this Agreement, or otherwise with respect to the subject matter of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees as fixed by the trial court and, if any appeal is taken from the decision of the trial court, reasonable attorneys' fees as fixed by the appellate court. For purposes of this

Agreement, the term prevailing party shall be deemed to include a Partner that successfully opposes a petition for review filed with an appellate court.

11.10. MFJ Compliance.

11.10.1. Each of BAC, NYN and USW (the "BOC Participants") and their respective BOC affiliates in Cellco and WMC agree that they will pursue, in conjunction with the Regional Bell Operating Companies ("BOCs") within the meaning of the MFJ, the "Motion of the Bell Companies for a Modification of Section II of the Decree to Permit Them to Provide Cellular and Other Wireless Services Across LATA Boundaries," filed with the Decree Court on June 20, 1994. If the Decree Court were to deny the BOCs' motion or if the Decree Court or Department of Justice were to take the position that the relief requested in the motion does not apply to PCS Service, the BOC Participants will request a waiver for the benefit of the Partnership that would enable the Partnership to conduct the Partnership Business free of restrictions on BOCs in the MFJ. In addition, the BOC Participants will request a waiver for the benefit of the Partnership if the waiver is: (a) to permit the Partnership to offer the same services as those set forth in any waiver request which such BOC Participant or an affiliate has pending or which such BOC Participant ,any of its affiliates, or any BOC has obtained for its cellular or PCS businesses, including businesses incidental thereto; (b) based on the same relevant facts as those set forth in any such waiver such BOC Participant, an affiliate thereof or a BOC has pending or has obtained, as the case may be, and (c) with respect to the Partnership, within the scope of the Partnership Business. Except as described above, neither any such BOC Participant nor any affiliate shall be obliged to request any waiver for the benefit of the Partnership.

11.10.2. Unless and until the (1) Decree Court or (2) the Department of Justice shall issue a written opinion, or (3) USW, BAC and NYN shall unanimously agree that the MFJ does not apply to the Partnership, the Partnership will conform to the requirements and prohibitions of the MFJ. As long as a BOC Participant holds any ownership interest in the Partnership, the Partnership will not engage in any MFJ Restricted Activities. ATI or any Affiliate thereof will have the option to engage in MFJ Restricted Activities, specifically including the provision of interexchange (interLATA) telecommunications services (it being understood that such services may be provided by the Partnership if it is thereafter permitted to do so) and engage in any business practice and enter into any transaction in which the Partnership does not engage by reason of the MFJ. ATI shall not be deemed to be engaged in or possessing any interest in a business venture in violation of Article 3 hereof or Section 7.4 of the Tomcom Partnership Agreement solely as a result of the nature of the business being an MFJ Restricted Activity. Except

as provided in the preceding sentence, the provisions of this Section 11.10 shall take precedence, in the event of any conflict, over any other provision of this Agreement.

11.10.3. Unless and until the Decree Court, the Department of Justice, or USW's CECO Decree Committee shall issue a written opinion that the CECO does not apply to the Partnership, the Partnership will conform to the requirements and prohibitions of the CECO. Unless and until the Decree Court, the Department of Justice, or USW's MFJ Compliance Committee shall issue a written opinion that the EO does not apply to the Partnership, the Partnership will conform to the requirements and prohibitions of the EO. In conforming to the requirements and prohibitions of the CECO and EO, the Partnership will utilize the procedures established by USW for compliance with them. At the request of the Partnership, USW will provide training, instruction and assistance to the Partnership in matters associated with CECO and EO compliance.

11.10.4. If, at any time, a third party raises legitimate concerns regarding whether as a result of the transactions arising out of this Agreement and the Tomcom Partnership Agreement ATI or Systems in which it has an ownership interest can lawfully engage in MFJ Restricted Activities, or if a third party or USW's CECO Decree Committee raises legitimate concerns regarding whether, in light of the activities of the Partnership and ATI, the BOC Participants are in compliance with the MFJ (collectively, "MFJ Concerns"), the parties agree:

(a) except in the circumstances set forth in (iii) below, that ATI and/or the Partnership shall have the right to continue the activities giving rise to the MFJ Concerns;

(b) to restructure the relationships among them and their respective properties to the minimum extent necessary to satisfy the MFJ Concerns while preserving, to the fullest extent possible, the intent of the parties regarding the Partnership. The obligation to restructure shall arise when (A) counsel for any Partner Parent believes that an MFJ Concern is well founded, (B) USW's CECO Decree Committee or similar committee representing another BOC Participant determines that an activity of the Partnership or ATI has or will put USW or such BOC Participant in violation of the MFJ, or (C) ATI determines that in light of the activities of the Partnership that the right of ATI or Systems in which it has an ownership interest to lawfully engage in MFJ Restricted Activities is subject to a well founded challenge under the MFJ and (in any such case) outside counsel for any Partner Parent issues a written opinion that the MFJ Concern cannot be cured without restructuring. In the event the obligation to

restructure arises pursuant to the preceding sentence, the Partners shall attempt to determine the manner of restructuring which best gives effect to the first sentence of this clause (ii). If the Partners reach agreement on a proposal, they will present it to the Partner Parents and then, if the Partner Parents approve that proposal, to the Partnership Committee. If the Partner Parents are unable to agree on a restructuring proposal, each of them will present its proposal to USW's CECO Decree Committee; the Partner Parents will then present to the Partnership Committee any of the proposals the CECO Decree Committee has approved. The Partners will implement a restructuring proposal only upon the unanimous vote of the Partnership Committee. If the Partnership Committee does not unanimously approve any restructuring proposal, the Partner Parents shall resolve the manner of restructuring by the procedure described in paragraph 2.6(d)(i) of the Tomcom Agreement (provided that the 40-day period set forth therein for referral of disputes to the Independent Member shall be a 30-day period); and

(c) If despite their best efforts, the Partners fail to reach agreement on and implement a restructuring proposal pursuant to (ii) above, and if a Partner Parent has received either:

(i) an opinion from the Decree Court that activities giving rise to the MFJ Concerns have put a Partner Parent in violation of the MFJ; or

(ii) a written statement from the Department of Justice that such activities have put a BOC Partner Parent in violation of the MFJ, and either counsel for any one of the BOC Participants agrees, or USW's CECO Decree Committee or any committee established by another BOC Participant for purposes of reviewing MFJ issues has determined, that there is a reasonable factual and legal basis for such an opinion from the Department of Justice;

then, ATI, its Cellular and PCS Systems and/or the Partnership will stop the activities giving rise to the MFJ Concerns until such time as implementation of a restructuring proposal pursuant to (ii) above permits the resumption of such activities.

11.10.5. Subject to compliance with the MFJ by the Partnership in connection therewith, and subject to the restrictions set forth in Section 7.4 of the Tomcom Partnership Agreement, ATI or any Affiliate thereof will have the option to engage in MFJ Restricted Activities, specifically including the

provision of interexchange (interLATA) telecommunications services and engage in any business practice and enter into any transaction in which the Partnership does not engage by reason of the MFJ. Except as provided in the preceding sentence, the provisions of this Section 11.10 shall take precedence, in the event of any conflict, over any other provision of this Agreement.

11.11. Availability of Documents. The Partners and their Affiliates will make available to the Partnership true and complete copies of any and all documents necessary for the Partnership to fulfill its responsibilities under this Agreement or applicable law.

11.12. Notices. Any notice or notification required, permitted or contemplated hereunder shall be in writing, shall be addressed to the party to be notified at the address set forth below, or at such other address as each party may designate for itself from time to time by notice hereunder, and, unless otherwise specifically stated herein, shall be deemed to have been validly served, given or delivered (i) three days following deposit in the United States mail, with proper first-class postage prepaid, (ii) the next business day after such notice was delivered to a regularly scheduled overnight delivery carrier with delivery fees either prepaid or an arrangement, satisfactory to such carrier, made for the payment of such fees, or (iii) upon receipt of notice given by telecopy, mailgram, telegram, or personal delivery if such receipt is during normal business hours, or if not received during normal business hours, on the next business day following receipt:

If to PCSCO:

NYNEX Mobile Communications Company
2000 Corporate Drive
Orangeburg, New York 10962
Attn.: Alfred F. Boschulte, President
Telecopy No.: (914) 365-9046

and

Bell Atlantic Corporation
1717 Arch Street
Philadelphia, Pennsylvania 19103
Attn.: Lawrence T. Babbio, Jr.
Executive Vice President and Chief
Operating Officer
Telecopy No.: (215) 557-7214

With copies to:

NYNEX Network Systems Company
4 West Red Oak Lane
White Plains, New York 10604
Attn.: Senior Vice President and General Counsel
Telecopy No.: (914) 644-7966

and

Bell Atlantic Corporation
1717 Arch Street
Philadelphia, Pennsylvania 19103
Attn.: Stephen B. Heimann
Telecopy No.: (215) 561-9568

If to PCSN:

Airtouch Communications
2999 Oak Road
Walnut Creek, California 94596
Attn.: C. Lee Cox, President and Chief
Operating Officer
Telecopy No.: (510) 210-3599

and

U S West, Inc.
7800 East Orchard Road
Englewood, Colorado 80111
Attn.: President
Telecopy No.: (303) 793-6294

With copies to:

Airtouch Communications
425 Market Street
San Francisco, California 94105
Attn.: Senior Vice President-Legal and
External Affairs
Telecopy No. (415) 658-2298

and

Pillsbury Madison & Sutro
235 Montgomery Street
San Francisco, California 94104
Attn.: Nathaniel M. Cartmell III, Esq.
Telecopy No.: (415) 477-4816

and

U S West, Inc.
7800 East Orchard Road
Englewood, Colorado 80111
Attn.: General Counsel
Telecopy No.: (303) 793-6294

11.13. Headings and Section References. The headings of the Articles and Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. All references herein to articles, sections, schedules and exhibits, unless otherwise specified, are references to articles and sections of, and schedules and exhibits to, this Agreement.

11.14. Entire Agreement. This Agreement supersedes all prior agreements and all contemporaneous agreements not required hereby or expressly referred to herein and all representations, warranties, undertakings and understandings of and among the parties with respect to the same subject and, with the other agreements required hereby or expressly referred to herein, is the entire agreement of the parties as to such subject. All exhibits and schedules referred to herein, and all attachments to such exhibits or schedules, and any other attachments to this Agreement, are hereby incorporated into this Agreement and are hereby made a part hereof as if set out in full in this Agreement.

11.15. Disclaimer of Agency, etc. This Agreement does not create any partnership beyond the scope set forth herein, and except as otherwise expressly provided herein and under mandatory provisions of applicable law, this Agreement shall not constitute any Partner the legal representative or agent of any other, nor shall either Partner have the right or authority to assume, create or incur any liability or obligation, express or implied, against, in the name of or on behalf of any other Partner.

11.16. Publicity. No press release or other public announcement related to this Agreement or the Partnership or the transactions contemplated hereby shall be issued by any Partner without the prior approval of the Executive Committee, except that any Partner or Partner Parent may make such public disclosure which it believes in good faith to be required by law or by the terms of any listing agreement with a securities

exchange (in which case such Partner shall consult with the Executive Committee prior to making such disclosure).

11.17. Tax Matters Partner. Except as provided in Section 6.5.4 with respect to elections under Section 754 of the Code, in any case where responsibility is granted to the Tax Matters Partner to make any election or determination or to take any other action which in the reasonable judgment of the Tax Matters Partner could have a material adverse economic impact on any other Partner, the Tax Matters Partner shall notify such other Partners within fifteen days preceding the time such action is to be taken. If any of the other Partners disagree with the proposed action, responsibility for the matter shall be given to the Executive Committee.

11.18. Counterparts. This Agreement may be executed in two or more counterparts, and all such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Partners have executed this Agreement the day and year first above written.

PCSCO PARTNERSHIP

By: _____
Name: Alfred F. Boschulte
Title: Chairman, NYNEX PCS, Inc.

PCSCO PARTNERSHIP

By: _____
Name:
Title:

PCS NUCLEUS, L.P.

By: AirTouch Communications, General Partner

By: _____
Name:
Title:

and

By: U S West, Inc., General Partner

By: _____
Name:
Title:

SCHEDULE I

Name of Partner	Cash Contribution and Specified Account Value	Type of Partnership Interest	Percentage Interest
PCSCO Partnership	$ 2,000.00	General	20%
	$ 3,000.00	Limited	30%
PCS Nucleus, L.P.	$ 2,000.00	General	20%
	$ 3,000.00	Limited	30%

PRIMECO REQUEST FOR ADVISORY OPINION

APPENDIX C

EXHIBIT A

AMENDED AND RESTATED

AGREEMENT AND PLAN OF MERGER

AMENDED AND RESTATED

AGREEMENT AND PLAN

OF MERGER

DATED AS OF

APRIL 21, 1996

BY AND BETWEEN

NYNEX CORPORATION

AND

BELL ATLANTIC CORPORATION

AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER dated as of April 21, 1996, ("the date hereof"), as amended and restated by the parties as of July 2, 1996 (this "Agreement"), between NYNEX Corporation, a Delaware corporation ("NYNEX"), and Bell Atlantic Corporation, a Delaware corporation ("Bell Atlantic").

W I T N E S S E T H

WHEREAS, the Boards of Directors of NYNEX and Bell Atlantic have each determined that it is in the best interests of their respective stockholders that NYNEX and Bell Atlantic enter into a business combination under which a subsidiary of Bell Atlantic will merge with and into NYNEX pursuant to the Merger (as defined in Section 1.1 hereof) and Bell Atlantic and NYNEX desire to enter into the "merger of equals" transaction contemplated hereby, . in connection therewith, to make certain representations, warranties and agreements in connection with the Merger;

WHEREAS, the Boards of Directors of NYNEX and Bell Atlantic have each determined that the Merger and the other transactions contemplated hereby are consistent with, and in furtherance of, their respective business strategies and goals and have each approved the Merger upon the terms and conditions set forth herein;

WHEREAS, for federal income tax purposes, it is intended that the Merger shall constitute a tax-free reorganization under Section 368 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, for accounting purposes, it is intended that the Merger shall be accounted for as a pooling of interests under United States generally accepted accounting principles ("GAAP").

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE I - THE MERGER

SECTION 1.1 - Formation of Merger Subsidiary. Bell Atlantic will form under the Delaware General Corporation Law ("Delaware Law") a wholly-owned subsidiary (the "Merger Subsidiary") to be merged into NYNEX (the "Merger") as set forth in Section 1.2 hereof. The Merger Subsidiary will be formed solely to facilitate the Merger and will conduct no business or activity other than in connection with the Merger. Bell Atlantic will (i) cause the Merger Subsidiary to execute and deliver a joinder to this Agreement pursuant to Section 251 of Delaware Law, and (ii) execute a formal written consent under Section 228 of Delaware Law as the sole stockholder of the Merger Subsidiary, approving the execution, delivery and performance of this Agreement by the Merger Subsidiary.

SECTION 1.2 - The Merger. At the Effective Time (as defined in Section 1.3 hereof) and subject to and upon the terms and conditions of this Agreement and Delaware Law, the Merger shall be consummated, whereby the Merger Subsidiary shall be merged with and into NYNEX, the separate corporate existence of the Merger Subsidiary shall cease, and NYNEX shall continue as the surviving corporation which shall be a wholly owned subsidiary of Bell Atlantic. NYNEX as the surviving corporation after the Merger is herein sometimes referred to as the "Surviving Corporation" and the Merger Subsidiary as the non-surviving corporation after the Merger is herein sometimes referred to as the "Merged Corporation." NYNEX, Bell Atlantic, and, after entering into a joinder to this Agreement, the Merger Subsidiary, are herein referred to collectively as the "Parties" and each individually as a "Party."

SECTION 1.3 - Effective Time. As promptly as practicable after the satisfaction or waiver of the conditions set forth in Article VIII hereof and the consummation of the Closing referred to in Section 7.2(b) hereof, the Parties shall cause the Merger to be consummated by filing a Certificate of Merger with the Secretary of State of the State of Delaware with respect to the Merger, in such form as required by, and executed in accordance with, the relevant provisions of Delaware Law (the time of such filing being the "Effective Time")

SECTION 1.4 - Effect of the Merger. At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of Delaware Law. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all the property, rights, privileges, powers and franchises of NYNEX and the Merger Subsidiary shall continue with, or vest in, as the case may be, NYNEX as the Surviving Corporation, and all debts, liabilities and duties of NYNEX and the Merger Subsidiary shall continue to be, or become, as the case may be, the debts, liabilities and duties of NYNEX as the Surviving Corporation. As of the Effective Time, the Surviving Corporation shall be a direct wholly owned subsidiary of Bell Atlantic.

SECTION 1.5 - Subsequent Actions. If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to continue in vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties, privileges, franchises or assets of either of its constituent corporations acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, the officers and directors of the Surviving Corporation shall be directed and authorized to execute and deliver, in the name and on behalf of either of such constituent corporations, all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each of such corporations or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties, privileges, franchises or assets in the Surviving Corporation or otherwise to carry out this Agreement.

SECTION 1.6 - Certificate of Incorporation; Bylaws; Directors and Officers of Surviving Corporation. Unless otherwise agreed by NYNEX and Bell Atlantic before the Effective Time, at the Effective Time:

(a) the Certificate of Incorporation of NYNEX as the Surviving Corporation shall be the Certificate of Incorporation of NYNEX as in effect immediately prior to the Effective Time, until thereafter amended as provided by law and such Certificate of Incorporation, except that Section 4.1 of the Certificate of Incorporation of NYNEX shall be amended pursuant hereto, from and after the Effective Time, to provide for a par value of $0.01 per share for each share of Common Stock of NYNEX. The text of such section as the same shall be amended hereby is set forth on Schedule 1.6(a) hereto;

(b) the Bylaws of NYNEX as the Surviving Corporation shall be the Bylaws of NYNEX immediately prior to the Effective Time, until thereafter amended as provided by law and the Certificate of Incorporation and the Bylaws of such Surviving Corporation; and

(c) the directors and officers of NYNEX immediately prior to the Effective Time shall continue to serve in their respective offices of the Surviving Corporation from and after the Effective Time, in each case until their successors are elected or appointed and qualified or until their resignation or removal. If, at the Effective Time, a vacancy shall exist on the Board of Directors or in any office of the Surviving Corporation, such vacancy may thereafter be filled in the manner provided by law and the Bylaws of the Surviving Corporation.

ARTICLE II - EFFECT ON STOCK OF THE SURVIVING CORPORATION AND THE MERGED CORPORATION

SECTION 2.1 - Conversion of Securities. The manner and basis of converting the shares of common stock of the Surviving Corporation and of the Merged Corporation at the Effective Time, by virtue of the Merger and without any action on the part of any of the Parties or the holder of any of such securities, shall be as hereinafter set forth in this Article II.

SECTION 2.2 - Conversion of Shares. (a) Each share of common stock, par value $1.00 per share, of NYNEX ("NYNEX Common Stock") issued and outstanding immediately before the Effective Time (excluding those held in the treasury of NYNEX and those owned by Bell Atlantic) and all rights in respect thereof, shall at the Effective Time, without any action on the part of any holder thereof, forthwith cease to exist and be converted into and become exchangeable for 0.768 shares of common stock, par value $0.10 per share (after giving effect to the Certificate Amendment described herein; "Bell Atlantic Common Stock," as used herein, means the common stock, par value $1.00 per share, of Bell Atlantic prior to the effectiveness of the Certificate Amendment, and the common stock, par value $0.10 per share, of Bell Atlantic upon and after such effectiveness). Such ratio of NYNEX Common Stock to Bell Atlantic Common Stock is herein referred to as the "Exchange Ratio".

(b) Commencing immediately after the Effective Time, each certificate which, immediately prior to the Effective Time, represented issued and outstanding shares of NYNEX Common Stock ("NYNEX Shares"), shall evidence ownership of Bell Atlantic Common Stock on the basis hereinbefore set forth, but subject to the limitations set forth in Sections 2.3, 2.5, 2.7, 2.8, 2.9 and 2.10 hereof.

(c) For all purposes of this Agreement, unless otherwise specified, the Mandatory Shares (as defined in Section 10.4 hereof) and all shares held by employee stock ownership plans of NYNEX (i) shall be deemed to be issued and outstanding, (ii) shall not be deemed to be held in the treasury of NYNEX and (iii) shall be converted into shares of Bell Atlantic Common Stock in accordance with the Exchange Ratio.

SECTION 2.3 - Cancellation of Treasury Shares. At the Effective Time, each share of NYNEX Common Stock held in the treasury of NYNEX or owned by Bell Atlantic immediately prior to the Effective Time shall be canceled and retired and no shares of stock or other securities of Bell Atlantic or the Surviving Corporation shall be issuable, and no payment or other consideration shall be made, with respect thereto.

SECTION 2.4 - Conversion of Common Stock of the Merged Corporation into Common Stock of the Surviving Corporation. At the Effective Time, each share of common stock, par value $0.01 per share, of the Merger Subsidiary issued and outstanding immediately prior to the Effective Time, and all rights in respect thereof, shall, without any action on the part of Bell Atlantic, forthwith cease to exist and be converted into 1,000 validly issued, fully paid and nonassessable shares of common stock of NYNEX, par value $0.01 per share, as the Surviving Corporation (the "New NYNEX Common Stock"). Immediately after the Effective Time and upon surrender by Bell Atlantic of the certificate representing the shares of the common stock of the Merger Subsidiary, NYNEX as the Surviving Corporation shall deliver to Bell Atlantic an appropriate certificate or certificates representing the New NYNEX Common Stock created by conversion of the common stock of the Merger Subsidiary owned by Bell Atlantic.

SECTION 2.5 - Exchange of Shares Other Than Treasury Shares. (a) Subject to the terms and conditions hereof, at or prior to the Effective Time, Bell Atlantic and NYNEX shall jointly appoint an exchange agent to effect the exchange of NYNEX Shares for Bell Atlantic Common Stock in accordance with the provisions of this Article II (the "Exchange Agent"). From time to time after the Effective Time, Bell Atlantic shall deposit, or cause to be deposited, with the Exchange Agent certificates representing Bell Atlantic Common Stock for conversion of NYNEX Shares in accordance with the provisions of Section 2.2 hereof (such certificates, together with any dividends or distributions with respect thereto, being herein referred to as the "Exchange Fund"). Commencing immediately after the Effective Time and until the appointment of the Exchange Agent shall be terminated, each holder of a certificate or certificates theretofore representing NYNEX Shares may surrender the same to the Exchange Agent, and, after the appointment of the Exchange Agent shall be terminated, any such holder may surrender any such certificate to Bell Atlantic. Such holder shall be entitled upon such surrender to receive in exchange therefor a certificate or certificates representing the number of full shares of Bell Atlantic Common Stock into which the NYNEX Shares theretofore represented by the certificate or certificates so surrendered

shall have been converted in accordance with the provisions of Section 2.2 hereof, together with a cash payment in lieu of fractional shares, if any, in accordance with Section 2.7 hereof, and all such shares of Bell Atlantic Common Stock shall be deemed to have been issued at the Effective Time. Until so surrendered and exchanged, each outstanding certificate which, prior to the Effective Time, represented issued and outstanding NYNEX Shares shall be deemed for all corporate purposes of Bell Atlantic, other than the payment of dividends and other distributions, if any, to evidence ownership of the number of full shares of Bell Atlantic Common Stock into which the NYNEX Shares theretofore represented thereby shall have been converted at the Effective Time. Unless and until any such certificate theretofore representing NYNEX Shares is so surrendered, no dividend or other distribution, if any, payable to the holders of record of Bell Atlantic Common Stock as of any date subsequent to the Effective Time shall be paid to the holder of such certificate in respect thereof. Except as otherwise provided in Section 2.6 hereof, upon the surrender of any such certificate theretofore representing NYNEX Shares, however, the record holder of the certificate or certificates representing shares of Bell Atlantic Common Stock issued in exchange therefor shall receive from the Exchange Agent or from Bell Atlantic, as the case may be, payment of the amount of dividends and other distributions, if any, which as of any date subsequent to the Effective Time and until such surrender shall have become payable with respect to such number of shares of Bell Atlantic Common Stock ("Pre-Surrender Dividends"). No interest shall be payable with respect to the payment of Pre-Surrender Dividends upon the surrender of certificates theretofore representing NYNEX Shares. After the appointment of the Exchange Agent shall have been terminated, any holders of certificates representing NYNEX Shares which have not received payment of Pre-Surrender Dividends shall look only to Bell Atlantic for payment thereof. Notwithstanding the foregoing provisions of this Section 2.5(a), neither the Exchange Agent nor any Party shall be liable to a holder of NYNEX Shares for any Bell Atlantic Common Stock, any dividends or distributions thereon or any cash payment for fractional shares as contemplated by Section 2.7, delivered to a public official pursuant to any applicable abandoned property, escheat or similar law or to a transferee pursuant to Section 2.6 hereof.

(b) Notwithstanding anything herein to the contrary, certificates surrendered for exchange by any "affiliate" of NYNEX shall not be exchanged until Bell Atlantic shall have received a signed agreement from such "affiliate" as provided in Section 7.14 hereof.

SECTION 2.6 - Transfer Books. The stock transfer books of NYNEX shall be closed at the Effective Time and no transfer of any NYNEX Shares will thereafter be recorded on any of such stock transfer books. In the event of a transfer of ownership of NYNEX Shares that is not registered in the stock transfer records of NYNEX at the Effective Time, a certificate or certificates representing the number of full shares of Bell Atlantic Common Stock into which such NYNEX Shares shall have been converted shall be issued to the transferee together with a cash payment in lieu of fractional shares, if any, in accordance with Section 2.7 hereof, and a cash payment in the amount of Pre-Surrender Dividends, if any, in accordance with Section 2.5(a) hereof, if the certificate or certificates representing such NYNEX Shares is or are surrendered as provided in Section 2.5 hereof, accompanied by all documents required to evidence and effect such transfer and by evidence of payment of any applicable stock transfer tax.

SECTION 2.7 - No Fractional Share Certificates. (a) No scrip or fractional share certificate for Bell Atlantic Common Stock will be issued upon the surrender for exchange of certificates evidencing NYNEX Shares, and an outstanding fractional share interest will not entitle the owner thereof to vote, to receive dividends or to any rights of a stockholder of Bell Atlantic or of the Surviving Corporation with respect to such fractional share interest.

(b) As promptly as practicable following the Effective Time, the Exchange Agent shall determine the excess of (i) the number of full shares of Bell Atlantic Common Stock to be issued and delivered to the Exchange Agent pursuant to Section 2.5 hereof over (ii) the aggregate number of full shares of Bell Atlantic Common Stock to be distributed to holders of NYNEX Common Stock pursuant to Section 2.5 hereof (such excess being herein called the "Excess Shares"). Following the Effective Time, the Exchange Agent, as agent for the holders of NYNEX Common Stock, shall sell the Excess Shares at then prevailing prices on the New York Stock Exchange, Inc. (the "NYSE"), all in the manner provided in subsection (c) of this Section 2.7.

(c) The sale of the Excess Shares by the Exchange Agent shall be executed on the NYSE through one or more member firms of the NYSE and shall be executed in round lots to the extent practicable. The Exchange Agent shall use all reasonable efforts to complete the sale of the Excess Shares as promptly following the Effective Time as, in the Exchange Agent's reasonable judgment, is practicable consistent with obtaining the best execution of such sales in light of prevailing market conditions. Until the net proceeds of such sale or sales have been distributed to the holders of NYNEX Common Stock, the Exchange Agent will hold such proceeds in trust for the holders of NYNEX Common Stock (the "Common Shares Trust"). Bell Atlantic shall pay all commissions, transfer taxes and other out-of-pocket transaction costs, including the expenses and compensation of the Exchange Agent, incurred in connection with such sale of the Excess Shares. The Exchange Agent shall determine the portion of the Common Shares Trust to which each holder of NYNEX Common Stock shall be entitled, if any, by multiplying the amount of the aggregate net proceeds comprising the Common Shares Trust by a fraction the numerator of which is the amount of fractional share interests to which such holder of NYNEX Common Stock is entitled (after taking into account all shares of NYNEX Common Stock held at the Effective Time by such holder) and the denominator of which is the aggregate amount of fractional share interests to which all holders of NYNEX Common Stock are entitled.

(d) Notwithstanding the provisions of subsections (b) and (c) of this Section 2.7, NYNEX and Bell Atlantic may agree at their option, exercised prior to the Effective Time, in lieu of the issuance and sale of Excess Shares and the making of the payments contemplated in such subsections, that Bell Atlantic shall pay to the Exchange Agent an amount sufficient for the Exchange Agent to pay each holder of NYNEX Common Stock an amount in cash equal to the product obtained by multiplying (i) the fractional share interest to which such holder would otherwise be entitled (after taking into account all shares of NYNEX Common Stock held at the Effective Time by such holder) by (ii) the closing price for a share of Bell Atlantic Common Stock on the NYSE Composite Transaction Tape on the first business day immediately following the Effective Time, and, in such case, all references herein to the cash proceeds of the sale of the Excess Shares and similar references shall be

deemed to mean and refer to the payments calculated as set forth in this subsection (e). In such event, Excess Shares shall not be issued or otherwise transferred to the Exchange Agent pursuant to Section 2.5(a) hereof.

(e) As soon as practicable after the determination of the amount of cash, if any, to be paid to holders of NYNEX Common Stock with respect to any fractional share interests, the Exchange Agent shall make available such amounts, net of any required withholding, to such holders of NYNEX Common Stock, subject to and in accordance with the terms of Section 2.5 hereof.

(f) Any portion of the Exchange Fund and the Common Shares Trust which remains undistributed for six months after the Effective Time shall be delivered to Bell Atlantic, upon demand, and any holders of NYNEX Common Stock who have not theretofore complied with the provisions of this Article II shall thereafter look only to Bell Atlantic for satisfaction of their claims for Bell Atlantic Common Stock, any cash in lieu of fractional shares of Bell Atlantic Common Stock and any Pre-Surrender Dividends.

SECTION 2.8 - Options to Purchase NYNEX Common Stock. (a) At the Effective Time, each option or warrant granted by NYNEX to purchase shares of NYNEX Common Stock which is outstanding and unexercised immediately prior to the Effective Time shall be assumed by Bell Atlantic and converted into an option or warrant to purchase shares of Bell Atlantic Common Stock in such amount and at such exercise price as provided below and otherwise having the same terms and conditions as are in effect immediately prior to the Effective Time (except to the extent that such terms, conditions and restrictions may be altered in accordance with their terms as a result of the transactions contemplated hereby):

(i) the number of shares of Bell Atlantic Common Stock to be subject to the new option or warrant shall be equal to the product of (x) the number of shares of NYNEX Common Stock subject to the original option or warrant and (y) the Exchange Ratio;

(ii) the exercise price per share of Bell Atlantic Common Stock under the new option or warrant shall be equal to (x) the exercise price per share of the NYNEX Common Stock under the original option or warrant divided by (y) the Exchange Ratio; and

(iii) upon each exercise of options or warrants by a holder thereof, the aggregate number of shares of Bell Atlantic Common Stock deliverable upon such exercise shall be rounded down, if necessary, to the nearest whole share and the aggregate exercise price shall be rounded up, if necessary, to the nearest cent.

The adjustments provided herein with respect to any options which are "incentive stock options" (as defined in Section 422 of the Code) shall be effected in a manner consistent with Section 424(a) of the Code.

(b) At the Effective Time, each stock appreciation right ("SAR") with respect to NYNEX Common Stock which is outstanding and unexercised immediately before the Effective Time shall be converted into an SAR with respect to shares of Bell Atlantic

Common Stock on the same terms and conditions as are in effect immediately prior to the Effective Time, with the adjustments set forth in subsection (a) of this Section 2.8.

SECTION 2.9 - Restricted Stock. At the Effective Time, any shares of NYNEX Common Stock awarded pursuant to any plan, arrangement or transaction, including, without limitation, the NYNEX 1987 Restricted Stock Award Plan, and outstanding immediately prior to the Effective Time shall be converted into shares of Bell Atlantic Common Stock in accordance with Section 2.2 hereof, subject to the same terms, conditions and restrictions as in effect immediately prior to the Effective Time, except to the extent that such terms, conditions and restrictions may be altered in accordance with their terms as a result of the transactions contemplated hereby.

SECTION 2.10 - Certain Adjustments. If between the date hereof and the Effective Time, the outstanding shares of NYNEX Common Stock or of Bell Atlantic Common Stock shall be changed into a different number of shares by reason of any reclassification, recapitalization, split-up, combination or exchange of shares, or any dividend payable in stock or other securities shall be declared thereon with a record date within such period, the Exchange Ratio shall be adjusted accordingly to provide to the holders of NYNEX Common Stock and Bell Atlantic Common Stock the same economic effect as contemplated by this Agreement prior to such reclassification, recapitalization, split-up, combination, exchange or dividend.

ARTICLE III - CERTAIN MATTERS RELATED TO BELL ATLANTIC

SECTION 3.1 - Certificate of Incorporation and Bylaws of Bell Atlantic. At the Effective Time and subject to and upon the terms and conditions of this Agreement and Delaware Law, Bell Atlantic shall cause the Certificate of Incorporation of Bell Atlantic and the Bylaws of Bell Atlantic to be amended and restated to read as set forth in Appendices I-A and I-B hereto, respectively. Such amendment and restatement of the Bell Atlantic Certificate of Incorporation and amendment and restatement of the Bell Atlantic Bylaws are referred to herein as the "Certificate Amendment" and the "Bylaws Amendment", respectively.

SECTION 3.2 - Dividends. (a) Each of NYNEX and Bell Atlantic shall coordinate with the other the declaration of, and the setting of record dates and payment dates for, dividends on NYNEX Common Stock and Bell Atlantic Common Stock so that holders of NYNEX Shares (i) do not receive dividends on both NYNEX Shares and Bell Atlantic Common Stock received in connection with the Merger in respect of any calendar quarter or (ii) fail to receive a dividend on either NYNEX Shares or Bell Atlantic Common Stock received in connection with the Merger in respect of any calendar quarter.

(b) It is the intention of the Parties that, after the Effective Time, the initial quarterly dividend per share of Bell Atlantic Common Stock shall be at least equal to $0.77, being the quotient of the dividend paid on each share of NYNEX Common Stock for the last full fiscal quarter immediately preceding the date hereof, divided by the Exchange Ratio, subject to approval and declaration thereof by the Board of Directors of Bell Atlantic.

SECTION 3.3 - Headquarters. NYNEX and Bell Atlantic agree that commencing at the Effective Time the headquarters of Bell Atlantic shall be located in New York, New York.

SECTION 3.4 - Corporate Identity. NYNEX and Bell Atlantic agree that at the Effective Time, the corporate name of Bell Atlantic shall remain "Bell Atlantic Corporation."

ARTICLE IV - REPRESENTATIONS AND WARRANTIES OF NYNEX

NYNEX hereby represents and warrants as of the date hereof to Bell Atlantic as follows:

SECTION 4.1 - Organization and Qualification; Subsidiaries. Each of NYNEX and each of its Significant Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization. Each of the NYNEX Subsidiaries which is not a Significant Subsidiary is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, except for such failure which, when taken together with all other such failures, would not reasonably be expected to have a Material Adverse Effect on NYNEX. Each of NYNEX and its Subsidiaries has the requisite corporate power and authority and any necessary governmental authority, franchise, license or permit to own, operate or lease the properties that it purports to own, operate or lease and to carry on its business as it is now being conducted, and is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned, operated or leased or the nature of its activities makes such qualification necessary, except for such failure which, when taken together with all other such failures, would not reasonably be expected to have a Material Adverse Effect on NYNEX. The NYNEX Subsidiaries are listed on Schedule 4.1 hereto.

SECTION 4.2 - Certificate of Incorporation and Bylaws. NYNEX has heretofore furnished, or otherwise made available, to Bell Atlantic a complete and correct copy of the Certificate of Incorporation and the Bylaws, each as amended to the date hereof, of NYNEX and each of its Significant Subsidiaries. Such Certificates of Incorporation and Bylaws are in full force and effect. Neither NYNEX nor any of its Significant Subsidiaries is in violation of any of the provisions of its respective Certificate of Incorporation or, in any material respect, its Bylaws.

SECTION 4.3 - Capitalization. (a) The authorized capital stock of NYNEX consists of (i) 70,000,000 shares of preferred stock, par value $1.00 per share, none of which are outstanding and none of which are reserved for issuance, (ii) 5,000,000 shares of Series A Junior Participating Preferred Stock, par value $1.00 per share, none of which are outstanding and 3,000,000 of which are reserved for issuance, and (iii) 750,000,000 shares of NYNEX Common Stock, of which, as of March 31, 1996, 449,831,510 shares were issued and outstanding, 695,305 shares were held in the treasury of NYNEX and 45,585,277 shares were issuable upon the exercise of options outstanding under the NYNEX option plans listed on Schedule 4.3 hereto. Except as set forth on Schedule 4.3 or, after the date hereof, as permitted by Section 6.2 hereof, (i) since March 31, 1996, no shares of NYNEX Common

Stock have been issued, except upon the exercise of options described in the immediately preceding sentence, and (ii) there are no outstanding NYNEX Equity Rights. For purposes of this Agreement, NYNEX Equity Rights shall mean subscriptions, options, warrants, calls, commitments, agreements, conversion rights or other rights of any character (contingent or otherwise) to purchase or otherwise acquire from NYNEX or any of NYNEX's Subsidiaries at any time, or upon the happening of any stated event, any shares of the capital stock of NYNEX ("NYNEX Equity Rights"), except for rights granted under the Rights Agreement, dated as of October 19, 1989 (the "NYNEX Rights Agreement"), between NYNEX and the Rights Agent (as defined therein). Schedule 4.3 hereto sets forth a complete and accurate list of certain information with respect to all outstanding NYNEX Equity Rights as of March 31, 1996. Since March 31, 1996, no NYNEX Equity Rights have been issued except as set forth on Schedule 4.3, or, after the date hereof, as permitted by Section 6.2 hereof.

(b) Except as set forth on Schedule 4.3, or, after the date hereof, as permitted by Section 6.2 hereof, there are no outstanding obligations of NYNEX or any of NYNEX's Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock of NYNEX.

(c) All of the issued and outstanding shares of NYNEX Common Stock are validly issued, fully paid and nonassessable.

(d) Except as disclosed on Schedule 4.1 hereto, all the outstanding capital stock of each of NYNEX's Subsidiaries is duly authorized, validly issued, fully paid and nonassessable, and is owned by NYNEX free and clear of any liens, security interests, pledges, agreements, claims, charges or encumbrances. Except as set forth on Schedule 4.3 or hereafter issued or entered into in accordance with Section 6.2 hereof, there are no existing subscriptions, options, warrants, calls, commitments, agreements, conversion rights or other rights of any character (contingent or otherwise) to purchase or otherwise acquire from NYNEX or any of NYNEX's Subsidiaries at any time, or upon the happening of any stated event, any shares of the capital stock of any NYNEX Subsidiary, whether or not presently issued or outstanding (except for rights of first refusal to purchase interests in Subsidiaries which are not wholly owned by NYNEX), and there are no outstanding obligations of NYNEX or any of NYNEX's Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock of any of NYNEX's Subsidiaries. Except for (i) its Subsidiaries and Material Investments, (ii) immaterial amounts of equity securities acquired in the capacity of creditor in bankruptcy proceedings, (iii) equity interests held by Material Investments and Jointly Held Persons, (iv) investments of persons in which NYNEX has less than a 10% interest and (v) equity interests disclosed on Schedule 4.3 hereto or hereafter acquired as permitted under Section 6.2 hereof, NYNEX does not directly or indirectly own any equity interest in any other person.

(e) As to each of the NYNEX Material Investments, Cellco Partnership and Bell Atlantic NYNEX Mobile, Inc., NYNEX owns the equity interest set forth on Schedule 4.3, free and clear of any liens, security interests, pledges, claims, charges or encumbrances except as disclosed on Schedule 4.3. Except as disclosed on Schedule 4.3, and excluding any rights of first refusal, there are no existing subscriptions, options, warrants, calls, commitments, agreements, conversion rights or other rights of any character (contingent or

otherwise) to purchase or otherwise acquire any of such equity interests, directly or indirectly by NYNEX.

SECTION 4.4 - Authority Relative to this Agreement. NYNEX has the necessary corporate power and authority to enter into this Agreement and, subject to obtaining any necessary stockholder approval of the Merger Agreement, to carry out its obligations hereunder. The execution and delivery of this Agreement by NYNEX and the consummation by NYNEX of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of NYNEX, subject to the approval of this Agreement by NYNEX's stockholders required by Delaware Law. This Agreement has been duly executed and delivered by NYNEX and, assuming the due authorization, execution and delivery thereof by the other Parties, constitutes a legal, valid and binding obligation of NYNEX, enforceable against it in accordance with its terms.

SECTION 4.5 - No Conflict; Required Filings and Consents. (a) Except as listed on Schedule 4.5 hereto or as described in subsection (b) below, the execution and delivery of this Agreement by NYNEX do not, and the performance of this Agreement by NYNEX will not, (i) violate or conflict with the Certificate of Incorporation or Bylaws of NYNEX, (ii) conflict with or violate any law, regulation, court order, judgment or decree applicable to NYNEX or any of its Subsidiaries or by which any of their respective property is bound or affected, (iii) violate or conflict with the Certificate of Incorporation or Bylaws of any of NYNEX's Subsidiaries, (iv) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination or cancellation of, or result in the creation of a lien or encumbrance on any of the properties or assets of NYNEX or any of its Subsidiaries pursuant to, result in the loss of any material benefit under, or require the consent of any other party to, any contract, instrument, permit, license or franchise to which NYNEX or any of its Subsidiaries is a party or by which NYNEX, any of such Subsidiaries or any of their respective property is bound or affected, (v) to NYNEX's knowledge, conflict with or violate any law, regulation, court order, judgment or decree applicable to any of its Material Investments or by which such Material Investments' property is bound or affected, (vi) to NYNEX's knowledge, violate or conflict with the Certificate of Incorporation or Bylaws of any of its Material Investments, or (vii) to NYNEX's knowledge, result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination or cancellation of, or result in the creation of a lien or encumbrance on any of the properties or assets of any of its Material Investments pursuant to, or result in the loss of any material benefit under, or require the consent of any other party to, any permit, license or franchise to which any of its Material Investments is a party or by which any of such Material Investments or any of their respective property is bound or affected, except, in the case of clauses (ii), (iii), (iv), (v), (vi) or (vii) above, for conflicts, violations, breaches, defaults, results or consents which, individually or in the aggregate, would not have a Material Adverse Effect on NYNEX.

(b) Except as listed on Schedule 4.5 and except for applicable requirements, if any, of state or foreign regulatory laws and commissions, the Federal Communications Commission, the Exchange Act, the premerger notification requirements of the HSR Act, filing and recordation of appropriate merger or other documents as required by Delaware Law

and any filings required pursuant to any state securities or "blue sky" laws or the rules of any applicable stock exchanges, neither NYNEX nor any of its Significant Subsidiaries is required to submit any notice, report or other filing with any governmental authority, domestic or foreign, in connection with the execution, delivery or performance of this Agreement. Except as set forth in the immediately preceding sentence, no waiver, consent, approval or authorization of any governmental or regulatory authority, domestic or foreign, is required to be obtained by NYNEX or any of its Significant Subsidiaries in connection with its execution, delivery or performance of this Agreement.

SECTION 4.6 - SEC Filings; Financial Statements. (a) NYNEX has filed all forms, reports and documents required to be filed with the Securities and Exchange Commission ("SEC") since January 1, 1993, and has heretofore delivered or made available to Bell Atlantic, in the form filed with the SEC, together with any amendments thereto, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1993, 1994 and 1995, (ii) all proxy statements relating to NYNEX's meetings of stockholders (whether annual or special) held since January 1, 1993, (iii) Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, June 30, and September 30, 1995, and (iv) all other reports or registration statements filed by NYNEX with the SEC since January 1, 1993, including without limitation all Annual Reports on Form 11-K filed with respect to the NYNEX Benefit Plans (collectively, the "NYNEX SEC Reports"). The NYNEX SEC Reports (i) were prepared substantially in accordance with the requirements of the 1933 Act or the Exchange Act (as defined in Section 10.4 hereof), as the case may be, and the rules and regulations promulgated under each of such respective acts, and (ii) did not at the time they were filed contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The financial statements, including all related notes and schedules, contained in the NYNEX SEC Reports (or incorporated by reference therein) fairly present the consolidated financial position of NYNEX and its Subsidiaries as at the respective dates thereof and the consolidated results of operations and cash flows of NYNEX and its Subsidiaries for the periods indicated in accordance with GAAP applied on a consistent basis throughout the periods involved (except for changes in accounting principles disclosed in the notes thereto) and subject in the case of interim financial statements to normal year-end adjustments.

SECTION 4.7 - Absence of Certain Changes or Events. Except as disclosed in the NYNEX SEC Reports filed prior to the date hereof and on Schedule 4.7, since December 31, 1995, NYNEX and its Subsidiaries have not incurred any material liability, except in the ordinary course of their businesses consistent with their past practices, and there has not been any change, or any event involving a prospective change, in the business, financial condition or results of operations of NYNEX or any of its Subsidiaries which has had, or is reasonably likely to have, a Material Adverse Effect on NYNEX, and NYNEX and its Subsidiaries have conducted their respective businesses in the ordinary course consistent with their past practices.

SECTION 4.8 - Litigation. There are no claims, actions, suits, proceedings or investigations pending or, to NYNEX's knowledge, threatened against NYNEX or any of its Subsidiaries, or any properties or rights of NYNEX or any of its Subsidiaries, before any court, administrative, governmental, arbitral, mediation or regulatory authority or body, domestic or foreign, as to which there is more than a remote possibility of an adverse judgment or determination against NYNEX or any of its Subsidiaries or any properties or rights of NYNEX or any of its Subsidiaries in excess of $2 million (net of insurance and net of accruals reflected in the financial statements incorporated by reference in NYNEX SEC Reports), except (a) as disclosed on Schedule 4.8 hereto, (b) as disclosed on Schedules 4.9, 4.12, 4.13 or 4.22 hereto, (c) such claims, actions, suits, proceedings or investigations which are pending or threatened against Jointly Held Persons (as defined in Section 10.4 hereof), Bell Atlantic or any of its Subsidiaries, and (d) cases in which neither NYNEX nor any of its Subsidiaries is a named defendant, but as to which NYNEX or any of its Subsidiaries may be liable for an allocable share of any judgment rendered pursuant to the POR (as defined in Section 10.4 hereof). With respect to tax matters, litigation shall not be deemed threatened unless a tax authority has delivered a written notice of deficiency to NYNEX or any of its Subsidiaries.

SECTION 4.9 - No Violation of Law. The business of NYNEX and its Subsidiaries is not being conducted in violation of any statute, law, ordinance, regulation, judgment, order or decree of any domestic or foreign governmental or judicial entity (including any stock exchange or other self-regulatory body) ("Legal Requirements"), or in violation of any permits, franchises, licenses, authorizations or consents that are granted by any domestic or foreign government or judicial entity (including any stock exchange or other self-regulatory body) ("Permits"), except for possible violations none of which, individually or in the aggregate, may reasonably be expected to have a Material Adverse Effect on NYNEX. Except as disclosed in NYNEX SEC Reports and as set forth on Schedule 4.9 hereto, no investigation or review by any domestic or foreign governmental or regulatory entity (including any stock exchange or other self-regulatory body) with respect to NYNEX or its Subsidiaries in relation to any alleged violation of law or regulation is pending or, to NYNEX's knowledge, threatened, nor has any governmental or regulatory entity (including any stock exchange or other self-regulatory body) indicated an intention to conduct the same, except for such investigations which, if they resulted in adverse findings, would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on NYNEX. Except as set forth on Schedule 4.9 hereto, neither NYNEX nor any of its Subsidiaries is subject to any cease and desist or other order, judgment, injunction or decree issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or has adopted any board resolutions at the request of, any court, governmental entity or regulatory agency that materially restricts the conduct of its business or which may reasonably be expected to have a Material Adverse Effect on NYNEX, nor has NYNEX or any of its Subsidiaries been advised that any court, governmental entity or regulatory agency is considering issuing or requesting any of the foregoing. None of the representations and warranties made in this Section 4.9 are being made with respect to Environmental Laws.

SECTION 4.10 - Joint Proxy Statement. None of the information supplied or to be supplied by or on behalf of NYNEX for inclusion or incorporation by reference in the registration statement to be filed with the SEC by Bell Atlantic in connection with the issuance of shares of Bell Atlantic Common Stock in the Merger (the "Registration Statement") will, at the time the Registration Statement becomes effective under the 1933 Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the information supplied or to be supplied by or on behalf of NYNEX for inclusion or incorporation by reference in the joint proxy statement, in definitive form, relating to the meetings of NYNEX and Bell Atlantic stockholders to be held in connection with the Merger, or in the related proxy and notice of meeting, or soliciting material used in connection therewith (referred to herein collectively as the "Joint Proxy Statement") will, at the dates mailed to stockholders and at the times of the NYNEX stockholders' meeting and the Bell Atlantic stockholders' meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Registration Statement and the Joint Proxy Statement (except for information relating solely to Bell Atlantic) will comply as to form in all material respects with the provisions of the 1933 Act and the Exchange Act and the rules and regulations promulgated thereunder.

SECTION 4.11 - Employee Matters; ERISA. Except as previously disclosed in writing by NYNEX's outside counsel to Bell Atlantic's outside counsel with specific reference to this Section 4.11:

(a) Set forth on Schedule 4.11 hereto is a true and complete list of all employee benefit plans covering present and former employees or directors of NYNEX and of each of its Subsidiaries or their beneficiaries, or providing benefits to such persons in respect of services provided to any such entity, including, but not limited to, any employee benefit plans within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), any deferred compensation bonuses, stock options, restricted stock plans, incentive compensation, severance or change in control agreements and any other material benefit arrangements or payroll practices (collectively, the "NYNEX Benefit Plans").

(b) All contributions and other payments required to be made by NYNEX or any of its Subsidiaries to or under any NYNEX Benefit Plan (or to any person pursuant to the terms thereof) have been made or the amount of such payment or contribution obligation has been reflected in the NYNEX Financial Statements.

(c) Each of the NYNEX Benefit Plans intended to be "qualified" within the meaning of Section 401(a) of the Code has been determined by the Internal Revenue Service (the "IRS") to be so qualified, and, to NYNEX's knowledge, no circumstances exist that could reasonably be expected by NYNEX to result in the revocation of any such determination. NYNEX is in compliance in all material respects with, and each of the NYNEX Benefit Plans is and has been operated in all material respects in compliance with, all applicable Legal Requirements governing such plan, including, without limitation, ERISA and the Code. Each NYNEX Benefit Plan intended to provide for the deferral of income or the reduction of salary

or other compensation, or to affect other income tax benefits, complies in all material respects with the requirements of the applicable provisions of the Code and other Legal Requirements to the extent required to provide such income tax benefits.

(d) With respect to the NYNEX Benefit Plans, individually and in the aggregate, no event has occurred and, to NYNEX's knowledge, there does not now exist any condition or set of circumstances, that could subject NYNEX or any of its Subsidiaries to any material liability arising under the Code, ERISA or any other applicable Legal Requirements (including, without limitation, any liability to any such plan or the Pension Benefit Guaranty Corporation (the "PBGC")), or under any indemnity agreement to which NYNEX or any of its Subsidiaries is a party, excluding liability for benefit claims and funding obligations payable in the ordinary course.

(e) Except as set forth on Schedule 4.11 hereto, none of the NYNEX Benefit Plans that are "welfare plans" within the meaning of Section 3(1) of ERISA provides for any retiree benefits other than continuation coverage required to be provided under Section 4980B of the Code or Part 6 of Title I of ERISA.

(f) NYNEX has made available to Bell Atlantic a true and correct copy of each current or last, in the case where there is no current, expired collective bargaining agreement to which NYNEX or any of its Subsidiaries is a party or under which NYNEX or any of its Subsidiaries has obligations and, with respect to each NYNEX Benefit Plan, where applicable, (i) such plan (but only to the extent such plan is intended to be covered by Section 401 of the Code) and summary plan description, (ii) the most recent annual report filed with the IRS, (iii) each related trust agreement (including all material amendments to each such trust agreement), (iv) the most recent determination of the IRS with respect to the qualified status of such NYNEX Benefit Plan, and (v) the most recent actuarial report or valuation.

(g) Except as set forth on Schedule 4.11 hereto, (i) the consummation or announcement of any transaction contemplated by this Agreement will not (either alone or upon the occurrence of any additional or further acts or events) result in any (A) payment (whether of severance pay or otherwise) becoming due from NYNEX or any of its Subsidiaries to any officer, employee, former employee or director thereof or to the trustee under any "rabbi trust" or similar arrangement, or (B) benefit under any NYNEX Benefit Plan being established or becoming accelerated, vested or payable and (ii) neither NYNEX nor any of its Subsidiaries is a party to (A) any management, employment, deferred compensation, severance (including any payment, right or benefit resulting from a change in control), bonus or other contract for personal services with any current or former officer, director or employee (whether or not characterized as a plan for purposes of ERISA), (B) any consulting contract with any person who prior to entering into such contract was a director or officer of NYNEX or any of its Subsidiaries, or (C) any plan, agreement, arrangement or understanding similar to any of the items described in clause (ii)(A) or (B) of this sentence.

(h) The consummation or announcement of any transaction contemplated by this Agreement will not (either alone or upon the occurrence of any additional or further acts or events) result in the disqualification of any of the NYNEX Benefit Plans intended to be

qualified under, result in a prohibited transaction or breach of fiduciary duty under, or otherwise violate, ERISA or the Code.

(i) Neither NYNEX nor any of its Subsidiaries nor any of their directors, officers, employees or agents, nor any "party in interest" or "disqualified person", as such terms are defined in Section 3 of ERISA and Section 4975 of the Code has, with respect to any NYNEX Benefit Plan, engaged in or been a party to any "prohibited transaction", as such term is defined in Section 4975 of the Code or Section 406 of ERISA which is not otherwise exempt, which could result in the imposition of either a penalty assessed pursuant to Section 502(i) of ERISA or a tax imposed by Section 4975 of the Code or which could constitute a breach of fiduciary duty, in each case applicable to NYNEX or any NYNEX Benefit Plan and which would result in a Material Adverse Effect on NYNEX.

(j) No NYNEX Benefit Plan subject to Section 412 of the Code has incurred any now existing "accumulated funding deficiency" (as defined in ERISA), whether or not waived. Neither NYNEX nor any of its Subsidiaries has incurred, and none of such entities reasonably expects to incur, any material liability to the PBGC with respect to any NYNEX Benefit Plan. Neither NYNEX nor any of its Subsidiaries is a party to, and neither has incurred or reasonably expects to incur, any withdrawal liability with respect to any "multiemployer plan" (as defined in Section 3(37) of ERISA) for which there is any outstanding liability.

SECTION 4.12 - Labor Matters. Except as disclosed on Schedule 4.12 hereto, neither NYNEX nor any of its Subsidiaries is party to any collective bargaining agreement or other labor agreement with any union or labor organization and no union or labor organization has been recognized by NYNEX or any of its Subsidiaries as an exclusive bargaining representative for employees of NYNEX or any of its Subsidiaries. Except as disclosed on Schedule 4.12 hereto, to NYNEX's knowledge, there is no current union representation question involving employees of NYNEX or any of its Subsidiaries, nor does NYNEX have knowledge of any significant activity or proceeding of any labor organization (or representative thereof) or employee group to organize any such employees. Neither NYNEX nor any of its Subsidiaries has made any commitment not in collective bargaining agreements listed on Schedule 4.12 hereto that would require the application of the terms of any collective bargaining agreements entered into by NYNEX or any of its Subsidiaries to Bell Atlantic, to any joint venture of Bell Atlantic, or to any Subsidiary of Bell Atlantic (other than NYNEX or its Subsidiaries). Except as disclosed on Schedule 4.12 hereto, (i) there is no material active arbitration under any collective bargaining agreement involving NYNEX or any of its Subsidiaries, (ii) there is no material unfair labor practice, grievance, employment discrimination or other labor or employment related charge, complaint or claim against NYNEX or any of its Subsidiaries pending before any court, arbitrator, mediator or governmental agency or tribunal, or, to NYNEX's knowledge, threatened, (iii) there is no material strike, picketing or work stoppage by, or any lockout of, employees of NYNEX or any of its Subsidiaries pending or, to NYNEX's knowledge, threatened, against or involving NYNEX or any of its Subsidiaries, (iv) there is no significant active arbitration under any collective bargaining agreement involving NYNEX or any of its Subsidiaries regarding the employer's right to move work from one location or entity to another, or to consolidate work locations, or involving other similar restrictions on business operations, (v) there is no

arbitration, administrative agency proceeding, suit or claim pending, or, to NYNEX's knowledge, threatened, involving the "New Businesses", "Neutrality Letter", and "Old Business Letter" provisions contained in any collective bargaining agreement to which NYNEX or any of its Subsidiaries is a party, and (vi) there is no material proceeding, claim, suit, action or governmental investigation pending or, to NYNEX's knowledge, threatened, in respect of which any director, officer, employee or agent of NYNEX or any of its Subsidiaries is or may be entitled to claim indemnification from NYNEX or such NYNEX Subsidiary pursuant to their respective charters or bylaws or as provided in the indemnification agreements, if any, listed on Schedule 4.12 hereto. For purposes of this Section 4.12, "material" refers to any liability which could reasonably be expected to exceed $1 million.

SECTION 4.13 - Environmental Matters. Except as set forth on Schedule 4.13 hereto or in the NYNEX SEC Reports filed prior to the date hereof:

(a) To NYNEX's knowledge, NYNEX and each of its Subsidiaries is in compliance with all applicable Environmental Laws (as defined below) and neither NYNEX nor any of its Subsidiaries has received any written or oral communication from any person or governmental authority that alleges that NYNEX or any of its Subsidiaries is not in compliance with applicable Environmental Laws where such non-compliance could reasonably be expected to result in a Material Adverse Effect on NYNEX.

(b) To NYNEX's knowledge, NYNEX and each of its Subsidiaries has obtained or has applied for all material environmental, health and safety permits, licenses, variances, approvals and authorizations (collectively, the "Environmental Permits") necessary for the construction of their facilities or the conduct of their operations, and all such material Environmental Permits are effective or, where applicable, a renewal application has been timely filed and is pending agency approval, and NYNEX and its Subsidiaries are in material compliance with all terms and conditions of such Environmental Permits. To NYNEX's knowledge, there are no past or present events, conditions, circumstances, activities, practices, incidents, actions or plans that may interfere with, or prevent, future continued material compliance on the part of NYNEX or any of its Subsidiaries with such Environmental Permits. Neither NYNEX nor any of its Subsidiaries has knowledge of matters or conditions that would preclude reissuance or transfer of any such Environmental Permit, including amendment of such instrument, to Bell Atlantic or one of its Subsidiaries, where such action is necessary to maintain compliance with Environmental Laws in all material respects.

(c) To NYNEX's knowledge, there is no currently existing requirement to be imposed in the future by any Environmental Law or Environmental Permit which could reasonably be expected to result in the incurrence of a material cost by NYNEX or any of its Subsidiaries.

(d) To NYNEX's knowledge, there is no material Environmental Claim (as defined below) pending or threatened (i) against NYNEX or any of its Subsidiaries, (ii) against any person whose liability for any Environmental Claim NYNEX or any of its Subsidiaries has or may have retained or assumed either contractually or by operation of law.

or (iii) against any real or personal property or operations which NYNEX or any of its Subsidiaries owns, leases or manages, in whole or in part.

(e) To NYNEX's knowledge, there have been no Releases (as defined below) of any Hazardous Material (as defined below) that would be reasonably likely to form the basis of any material Environmental Claim against NYNEX or any of its Subsidiaries, or against any person whose liability for any material Environmental Claim NYNEX or any of its Subsidiaries has or may have retained or assumed either contractually or by operation of law

(f) To NYNEX's knowledge, with respect to any predecessor of NYNEX or any of its Subsidiaries, there is no material Environmental Claim pending or threatened, or any Release of Hazardous Materials that would be reasonably likely to form the basis of any material Environmental Claim against NYNEX or any of its Subsidiaries.

(g) To NYNEX's knowledge, NYNEX has disclosed to Bell Atlantic all material facts which NYNEX reasonably believes form the basis of a material current or future cost relating to any environmental matter affecting NYNEX and its Subsidiaries which NYNEX believes will or is reasonably likely to result in a Material Adverse Effect on NYNEX.

(h) To NYNEX's knowledge, neither NYNEX nor any of its Subsidiaries, nor any owner of premises leased or operated by NYNEX or any of its Subsidiaries, has filed any notice with respect to such premises under federal, state, local or foreign law indicating past or present treatment, storage or disposal of Hazardous Materials, as regulated under 40 C.F.R. Parts 264-267 or any state, local or foreign equivalent or is engaging or has engaged in business operations involving the generation, transportation, treatment, recycle or disposal of any waste (excluding low level radioactive tubes from central office equipment or typical smoke and fire alarm components) regulated under Environmental Laws pertaining to radioactive materials or the nuclear power industry, including, without limitation, requirements of Volume 10 of the Code of Federal Regulations.

(i) To NYNEX's knowledge, none of the properties owned, leased or operated by NYNEX, its Subsidiaries or any predecessor thereof are now, or were in the past, listed on the National Priorities List of Superfund Sites (the "NPL"), the Comprehensive Environmental Response, Compensation and Liability Information System ("CERCLIS"), or any other comparable state or local environmental database (excluding easements that transgress such Superfund or CERCLIS sites).

(j) To NYNEX's knowledge, the Merger will not require any governmental approvals under the Environmental Laws, including those that are triggered by sales or transfers of businesses or real property

For purposes of this Section 4.13 and Section 5.13 hereof:

(i) "Environmental Claim" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, directives, claims, liens, investigations,

proceedings or notices of noncompliance or violation (written or oral) by any person (including any federal, state, local or foreign governmental authority) alleging potential liability (including, without limitation, potential responsibility for or liability for enforcement, investigatory costs, cleanup costs, governmental response costs, removal costs, remedial costs, natural resources damages, property damages, personal injuries or penalties) arising out of, based on or resulting from (A) the presence, or Release or threatened Release into the environment, of any Hazardous Materials at any location, whether or not owned, operated, leased or managed by NYNEX or any of its Subsidiaries (for purposes of this Section 4.13) or by Bell Atlantic or any of its Subsidiaries (for purposes of Section 5.13 hereof) (including but not limited to obligations to clean up contamination resulting from leaking underground storage tanks); or (B) circumstances forming the basis of any violation or alleged violation of any Environmental Law; or (C) any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from the presence or Release of any Hazardous Materials.

(ii) "Environmental Laws" means all applicable foreign, federal, state and local laws (including the common law), rules, requirements and regulations relating to pollution, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or protection of human health as it relates to the environment including, without limitation, laws and regulations relating to Releases of Hazardous Materials, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials or relating to management of asbestos in buildings.

(iii) "Hazardous Materials" means (A) any petroleum or any by-products or fractions thereof, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, any form of natural gas, explosives, and polychlorinated biphenyls ("PCBs"), (B) any chemicals, materials or substances, whether waste materials, raw materials or finished products, which are now defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous substances," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "pollutants," "contaminants," or words of similar import under any Environmental Law; and (C) any other chemical, material or substance, whether waste materials, raw materials or finished products, regulated or forming the basis of liability under any Environmental Law

(iv) "Release" means any release, spill, emission, leaking, injection, deposit disposal, discharge, dispersal, leaching or migration into the environment (including without limitation ambient air, atmosphere, soil, surface water, groundwater or property).

(v) Any matter which NYNEX reasonably believes does not present a significant likelihood of requiring expenditures by, or causing the incurrence of liabilities by, NYNEX and its Subsidiaries of more than $2 million or, in the case of repetitive facility upgrades, will not in the aggregate cause expenditures or liabilities of more than $12 million over a six-year period, are excluded from the coverage of any representations made hereunder

(vi) No representation is made by NYNEX in this Section 4.13 as to Environmental Claims for which neither NYNEX nor any of its Subsidiaries is (or would be,

if a claim were brought in a formal proceeding) a named defendant, but as to which NYNEX or any of its Subsidiaries may be liable for an allocable share of any judgment rendered pursuant to the POR. No representation is made by NYNEX in subsection (i) of this Section 4.13 as to properties owned, leased or operated by AT&T or any of its Subsidiaries except for such properties which are, or at any time since November 1, 1983 were, owned, leased or operated by NYNEX or any of its Subsidiaries.

SECTION 4.14 - Board Action; Vote Required; Amendment of Rights Agreement; Applicability of Section 203. (a) The Board of Directors of NYNEX has unanimously determined that the transactions contemplated by this Agreement are in the best interests of NYNEX and its stockholders and has resolved to recommend to such stockholders that they vote in favor thereof.

(b) The approval of the Merger Agreement by a majority of the votes entitled to be cast by all holders of NYNEX Common Stock is the only vote of the holders of any class or series of the capital stock of NYNEX required to approve this Agreement, the Merger and the other transactions contemplated hereby. The provisions of Section 10.1 of the Certificate of Incorporation of NYNEX will not apply to the transactions contemplated by this Agreement.

(c) The NYNEX Rights Agreement has been amended as of July 2, 1996 so as to provide that (i) no "Distribution Date," "Stock Acquisition Date," or "Trigger Event" thereunder shall be deemed to have occurred, (ii) none of Bell Atlantic or any of its subsidiaries will be an "Acquiring Person" thereunder, and (iii) no holder of rights issued thereunder shall be entitled to exercise such rights under, or be entitled to any rights or benefits pursuant to, the NYNEX Rights Agreement solely by reason of the approval, execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

(d) The provisions of Section 203 of the Delaware Law will not, assuming the accuracy of the representations contained in Section 5.20 hereof (without giving effect to the knowledge qualification therein), apply to this Agreement or any of the transactions contemplated hereby.

SECTION 4.15 - Opinion of Financial Advisor. NYNEX has received the opinions of Bear, Stearns & Co. Inc. ("Bear Stearns") and Morgan Stanley & Co. Incorporated ("Morgan Stanley"), each dated April 21, 1996, to the effect that, as of such date the NYNEX Exchange Ratio (as defined in the Agreement and Plan of Merger dated as of April 21, 1996 among Seaboard Merger Company, NYNEX and Bell Atlantic, referred to herein as the "Original Agreement") was fair from a financial point of view to the holders of NYNEX Common Stock, and has received the confirming letters of Bear Stearns and Morgan Stanley, each dated July 2, 1996, to the effect that if, as of April 21, 1996, their respective analyses and review had been conducted in connection with this Agreement, instead of in connection with the Original Agreement, such opining party would have concluded, as of April 21, 1996, that the Exchange Ratio was fair from a financial point of view to the holders of NYNEX Common Stock.

SECTION 4.16 - Brokers. Except for Bear Stearns and Morgan Stanley, the arrangements with which have been disclosed to Bell Atlantic prior to the date hereof, who have been engaged by NYNEX, no broker, finder or investment banker is entitled to any brokerage, finder's, investment banking or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of NYNEX or any of its Subsidiaries.

SECTION 4.17 - Tax Matters. Except as set forth on Schedule 4.17 hereto

(a) All material federal and foreign tax returns and tax reports required to be filed by NYNEX or its Subsidiaries on or prior to the Effective Time or with respect to taxable periods ending on or prior to the Effective Time have been or will be filed with the appropriate governmental authorities on or prior to the Effective Time or by the due date thereof including extensions;

(b) All material state and local tax returns and tax reports required to be filed by NYNEX or its Subsidiaries on or prior to the Effective Time or with respect to taxable periods ending on or prior to the Effective Time which relate to income, profits, franchise, property, sales, use or other taxes, have been or will be filed with the appropriate governmental authorities on or prior to the Effective Time or by the due date thereof including extensions;

(c) The tax returns and tax reports referred to in subparts (a) and (b) of this Section 4.17 correctly reflect (and as to returns not filed as of the date hereof, will correctly reflect) all material tax liabilities of NYNEX and its Subsidiaries required to be shown thereon;

(d) All material federal, state, local and foreign income, profits, franchise, property, sales, use and other taxes (including interest and penalties) shown as due on those tax returns and tax reports referred to in subparts (a) and (b) of this Section 4.17 which have been or will be filed by the Effective Time, as well as any material foreign withholding taxes imposed on or in respect of any amounts paid to or by NYNEX or any of its Subsidiaries, whether or not such amounts or withholding taxes are referred to or shown on any tax returns or tax reports referred to in Section 4.17(a) or (b) hereof, have been or will be fully paid or adequately reflected as a liability on NYNEX's or its Subsidiaries' books and records on or prior to the Closing Date;

(e) With respect to any period for which tax returns and tax reports have not yet been filed, or for which taxes are not yet due or owing, NYNEX and its Subsidiaries have made due and sufficient accruals for such taxes in their respective books and records and financial statements;

(f) The representations and warranties contained in the NYNEX Officer's Certificate attached hereto as Schedule 4.17(f) are true and correct; and

(g) Neither NYNEX nor any of its affiliates has taken or agreed to take any action that would (a) prevent or impede the Merger from qualifying as a tax-free

reorganization under Section 368 of the Code, or (b) make untrue any representation or warranty contained in the Officer's Certificate referred to in Section 4.17(f) hereof.

SECTION 4.18 - Intellectual Property. To NYNEX's knowledge, neither NYNEX nor any of its Subsidiaries utilizes or has utilized any patent, trademark, tradename, service mark, copyright, software, trade secret or know-how, except for those which are owned, possessed or lawfully used by NYNEX or its Subsidiaries in their operations, and, to the knowledge of NYNEX, neither NYNEX nor any of its Subsidiaries infringes upon or unlawfully or wrongfully uses any patent, trademark, tradename, service mark, copyright or trade secret owned or validly claimed by another.

SECTION 4.19 - Insurance. Except as set forth on Schedule 4.19 hereto, each of NYNEX and each of its Significant Subsidiaries is, and has been continuously since January 1, 1985 (or such later date as such Significant Subsidiary was organized or acquired by NYNEX), insured with financially responsible insurers in such amounts and against such risks and losses as are customary for companies conducting the business as conducted by NYNEX and its Subsidiaries during such time period. Except as set forth on such Schedule 4.19, since January 1, 1993, neither NYNEX nor any of its Subsidiaries has received notice of cancellation or termination with respect to any material insurance policy of NYNEX or its Subsidiaries. The insurance policies of NYNEX and its Subsidiaries are valid and enforceable policies.

SECTION 4.20 - Ownership of Securities. As of the date hereof, neither NYNEX nor, to NYNEX's knowledge, any of its affiliates or associates (as such terms are defined under the Exchange Act), (a)(i) beneficially owns, directly or indirectly, or (ii) is party to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of, in each case, shares of capital stock of Bell Atlantic, which in the aggregate represent 10% or more of the outstanding shares of Bell Atlantic Common Stock (other than shares held by NYNEX Benefit Plans), nor (b) is an "interested stockholder" of Bell Atlantic within the meaning of Section 203 of the Delaware Law. Except as set forth on Schedule 4.20 hereto, NYNEX owns no shares of Bell Atlantic Common Stock described in the parenthetical clause of Section 2.2(b) hereof which would be canceled and retired without consideration pursuant to Section 2.3(a) hereof.

SECTION 4.21 - Certain Contracts. (a) All contracts described in Item 601(b)(10) of Regulation S-K to which NYNEX or its Subsidiaries is a party or may be bound ("NYNEX Contracts") have been filed as exhibits to, or incorporated by reference in, NYNEX's Annual Report on Form 10-K for the year ended December 31, 1995. All NYNEX Contracts are valid and in full force and effect on the date hereof except to the extent they have previously expired in accordance with their terms, and neither NYNEX nor any of its Subsidiaries has violated any provision of, or committed or failed to perform any act which, with or without notice, lapse of time or both would constitute a default under the provisions of, any NYNEX Contract, except for defaults which, individually and in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on NYNEX. True and complete copies of all NYNEX Contracts have been delivered to Bell Atlantic or made available for inspection.

(b) Set forth on Schedule 4.21 hereto is a list of each contract, agreement or arrangement to which NYNEX or any of its Subsidiaries is a party or may be bound and (i) under the terms of which any of the rights or obligations of a party thereto will be modified or altered as a result of the transactions contemplated hereby in a manner which, individually or in the aggregate with all such other contracts, agreements or arrangements would reasonably be expected to result in a Material Adverse Effect on NYNEX, (ii) is an arrangement limiting or restraining Bell Atlantic, NYNEX, any Bell Atlantic or NYNEX Subsidiary or any successor thereto from engaging or competing in any business which has, or could reasonably be expected to have in the foreseeable future, a Material Adverse Effect on NYNEX; or (iii) to NYNEX's knowledge, is an arrangement limiting or restraining Bell Atlantic, NYNEX or any of their respective Subsidiaries or their respective affiliates or any successor thereto from engaging or competing in any business.

SECTION 4.22 - Certain Regulatory Matters. (a) Except as disclosed on Schedule 4.22 hereto and except for billing disputes with customers arising in the ordinary course of business that in the aggregate involve immaterial amounts, there are no proceedings or investigations pending or, to NYNEX's knowledge, threatened, before any domestic or foreign court, administrative, governmental or regulatory body in which any of the following matters are being considered, nor has NYNEX or any of its Subsidiaries received written notice or inquiry from any such body, government official, consumer advocacy or similar organization or any private party, indicating that any of such matters should be considered or may become the object of consideration or investigation: (i) reduction of rates charged to customers; (ii) reduction of earnings; (iii) refunds of amounts previously charged to customers; or (iv) failure to meet any expense, infrastructure, service quality or other commitments previously made to or imposed by any administrative, governmental or regulatory body.

(b) Except as disclosed on Schedule 4.22 hereto, neither NYNEX nor any of its Subsidiaries has any outstanding commitments (and no such obligations have been imposed upon NYNEX and remain outstanding) regarding (i) reduction of rates charged to customers; (ii) reduction of earnings; (iii) refunds of amounts previously charged to customers or (iv) expenses, infrastructure expenditures, service quality or other regulatory requirements, to or by any domestic or foreign court, administrative, governmental or regulatory body, government official, consumer advocacy or similar organization.

SECTION 4.23 - SFAS 106 Matters. To NYNEX's knowledge, the accrual by NYNEX at the Effective Time of the portion of its remaining transition obligation under Statement of Financial Accounting Standards No. 106 which it is required to accrue at such time will not adversely affect the ability of NYNEX to declare and pay annual dividends to Bell Atlantic after the Effective Time in the same amounts as NYNEX paid to its stockholders on an annual basis prior to the Effective Time.

ARTICLE V - REPRESENTATIONS AND WARRANTIES OF BELL ATLANTIC

Bell Atlantic hereby represents and warrants as of the date hereof to NYNEX as follows:

SECTION 5.1 - Organization and Qualification; Subsidiaries. Each of Bell Atlantic and each of its Significant Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization. Each of the Bell Atlantic Subsidiaries which is not a Significant Subsidiary is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, except for such failure which, when taken together with all other such failures, would not reasonably be expected to have a Material Adverse Effect on Bell Atlantic. Each of Bell Atlantic and its Subsidiaries has the requisite corporate power and authority and any necessary governmental authority, franchise, license or permit to own, operate or lease the properties that it purports to own, operate or lease and to carry on its business as it is now being conducted, and is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned, operated or leased or the nature of its activities makes such qualification necessary, except for such failure which, when taken together with all other such failures, would not reasonably be expected to have a Material Adverse Effect on Bell Atlantic. The Bell Atlantic Subsidiaries are listed on Schedule 5.1 hereto.

SECTION 5.2 - Certificate of Incorporation and Bylaws. Bell Atlantic has heretofore furnished, or otherwise made available, to NYNEX a complete and correct copy of the Certificate of Incorporation and the Bylaws, each as amended to the date hereof, of Bell Atlantic and each of its Significant Subsidiaries. Such Certificates of Incorporation and Bylaws are in full force and effect. Neither Bell Atlantic nor any of its Significant Subsidiaries is in violation of any of the provisions of its respective Certificate of Incorporation or, in any material respect, its Bylaws.

SECTION 5.3 - Capitalization. (a) The authorized capital stock of Bell Atlantic consists of (i) 12,500,000 shares of Series Preferred Stock, par value $1.00 per share, none of which are outstanding and none of which are reserved for issuance, (ii) 12,500,000 shares of Series Preference Stock, par value $1.00 per share, none of which are outstanding and 10,000,000 of which are reserved for issuance, and (iii) 1,500,000,000 shares of Bell Atlantic Common Stock, of which, as of March 31, 1996, 437,816,267 shares were issued and outstanding, 139,551 shares were held in the treasury of Bell Atlantic and 14,137,572 shares were issuable upon the exercise of options outstanding under the Bell Atlantic option plans listed on Schedule 5.3 hereto. Except as set forth on Schedule 5.3, after the date hereof or, as permitted by Section 6.2 hereof, (i) since March 31, 1996, no shares of Bell Atlantic Common Stock have been issued, except upon the exercise of options and rights described in the immediately preceding sentence, and (ii) there are no outstanding Bell Atlantic Equity Rights. For purposes of this Agreement, Bell Atlantic Equity Rights shall mean subscriptions, options, warrants, calls, commitments, agreements, conversion rights or other rights of any character (contingent or otherwise) to purchase or otherwise acquire from Bell Atlantic or any of Bell Atlantic's Subsidiaries at any time, or upon the happening of any stated event, any shares of the capital stock of Bell Atlantic ("Bell Atlantic Equity Rights"). Schedule 5.3 hereto sets

forth a complete and accurate list of certain information with respect to all outstanding Bell Atlantic Equity Rights as of March 31, 1996. Since March 31, 1996, no Bell Atlantic Equity Rights have been issued except as set forth on Schedule 5.3, or, after the date hereof, as permitted by Section 6.2 hereof.

(b) Except as set forth on Schedule 5.3(b), or, after the date hereof, as permitted by Section 6.2 hereof, there are no outstanding obligations of Bell Atlantic or any of Bell Atlantic's Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock of Bell Atlantic.

(c) All of the issued and outstanding shares of Bell Atlantic Common Stock are validly issued, fully paid and nonassessable.

(d) Except as disclosed on Schedule 5.1 hereto, all the outstanding capital stock of each of Bell Atlantic's Subsidiaries is duly authorized, validly issued, fully paid and nonassessable, and is owned by Bell Atlantic free and clear of any liens, security interests, pledges, agreements, claims, charges or encumbrances. Except as set forth on Schedule 5.3, or hereafter issued or entered into in accordance with Section 6.2 hereof, there are no existing subscriptions, options, warrants, calls, commitments, agreements, conversion rights or other rights of any character (contingent or otherwise) to purchase or otherwise acquire from Bell Atlantic or any of Bell Atlantic's Subsidiaries at any time, or upon the happening of any stated event, any shares of the capital stock of any Bell Atlantic Subsidiary, whether or not presently issued or outstanding (except for rights of first refusal to purchase interests in Subsidiaries which are not wholly owned by Bell Atlantic), and there are no outstanding obligations of Bell Atlantic or any of Bell Atlantic's Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock of any of Bell Atlantic's Subsidiaries. Except for (i) its Subsidiaries and Material Investments, (ii) immaterial amounts of equity securities acquired, in the capacity of creditor, in bankruptcy proceedings, (iii) equity interests held by Material Investments and Jointly Held Persons, (iv) investments of persons in which Bell Atlantic has less than a 10% interest and (v) equity interests disclosed on Schedule 5.3 hereto or hereafter acquired as permitted under Section 6.2 hereof, Bell Atlantic does not directly or indirectly own any equity interest in any other person.

(e) As to each of the Bell Atlantic Material Investments, Cellco Partnership and Bell Atlantic NYNEX Mobile, Inc., Bell Atlantic owns the equity interests set forth on Schedule 5.3, free and clear of any liens, security interests, pledges, claims, charges or encumbrances, except as disclosed on Schedule 5.3. Except as disclosed on Schedule 5.3, and excluding any rights of first refusal, there are no existing subscriptions, options, warrants, calls, commitments, agreements, conversion rights or other rights of any character (contingent or otherwise) to purchase or otherwise acquire any of such equity interests, directly or indirectly, by Bell Atlantic.

SECTION 5.4 - Authority Relative to this Agreement. Bell Atlantic has the necessary corporate power and authority to enter into this Agreement and, subject to obtaining any necessary stockholder approval of the Merger Agreement, the issuance of Bell Atlantic Common Stock pursuant to the Merger Agreement and the Certificate Amendment, to carry out its obligations hereunder. The execution and delivery of this Agreement by Bell Atlantic

and the consummation by Bell Atlantic of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Bell Atlantic, subject to the approval of this Agreement and the issuance of Bell Atlantic Common Stock in accordance herewith by Bell Atlantic's stockholders required by the rules of the NYSE and the approval of the Certificate Amendment required by Delaware Law. This Agreement has been duly executed and delivered by Bell Atlantic and, assuming the due authorization, execution and delivery thereof by the other Parties, constitutes a legal, valid and binding obligation of Bell Atlantic, enforceable against it in accordance with its terms.

SECTION 5.5 - No Conflict; Required Filings and Consents. (a) Except as listed on Schedule 5.5 hereto or as described in subsection (b) below, the execution and delivery of this Agreement by Bell Atlantic do not, and the performance of this Agreement by Bell Atlantic will not, (i) violate or conflict with the Certificate of Incorporation or Bylaws of Bell Atlantic, (ii) conflict with or violate any law, regulation, court order, judgment or decree applicable to Bell Atlantic or any of its Subsidiaries or by which any of their respective property is bound or affected, (iii) violate or conflict with the Certificate of Incorporation or Bylaws of any of Bell Atlantic's Subsidiaries, or (iv) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination or cancellation of, or result in the creation of a lien or encumbrance on any of the properties or assets of Bell Atlantic or any of its Subsidiaries pursuant to, result in the loss of any material benefit under, or require the consent of any other party to, any contract, instrument, permit, license or franchise to which Bell Atlantic or any of its Subsidiaries is a party or by which Bell Atlantic, any of such Subsidiaries or any of their respective property is bound or affected, (v) to Bell Atlantic's knowledge, conflict with or violate any law, regulation, court order, judgment or decree applicable to any of its Material Investments or by which such Material Investments' property is bound or affected, (vi) to Bell Atlantic's knowledge, violate or conflict with the Certificate of Incorporation or Bylaws of any of its Material Investments, or (vii) to Bell Atlantic's knowledge, result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination or cancellation of, or result in the creation of a lien or encumbrance on any of the properties or assets of any of its Material Investments pursuant to, or result in the loss of any material benefit under, or require the consent of any other party to, any permit, license or franchise to which any of its Material Investments is a party or by which any of such Material Investments or any of their respective property is bound or affected, except, in the case of clauses (ii), (iii), (iv), (v), (vi) or (vii) above, for conflicts, violations, breaches, defaults, results or consents which, individually or in the aggregate, would not have a Material Adverse Effect on Bell Atlantic.

(b) Except as listed on Schedule 5.5 and except for applicable requirements, if any, of state, District of Columbia or foreign regulatory laws and commissions, the Federal Communications Commission, the Exchange Act, the premerger notification requirements of the HSR Act, filing and recordation of appropriate merger or other documents as required by Delaware Law and any filings required pursuant to any state securities or "blue sky" laws or the rules of any applicable stock exchanges, neither Bell Atlantic nor any of its Significant Subsidiaries is required to submit any notice, report or other filing with any governmental authority, domestic or foreign, in connection with the execution, delivery or performance of

this Agreement. Except as set forth in the immediately preceding sentence, no waiver, consent, approval or authorization of any governmental or regulatory authority, domestic or foreign, is required to be obtained by Bell Atlantic or any of its Significant Subsidiaries in connection with its execution, delivery or performance of this Agreement.

SECTION 5.6 - SEC Filings; Financial Statements. (a) Bell Atlantic has filed all forms, reports and documents required to be filed with the SEC since January 1, 1993, and has heretofore delivered or made available to NYNEX, in the form filed with the SEC, together with any amendments thereto, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1993, 1994 and 1995, (ii) all proxy statements relating to Bell Atlantic's meetings of stockholders (whether annual or special) held since January 1, 1993, (iii) Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, June 30, and September 30, 1995, and (iv) all other reports or registration statements filed by Bell Atlantic with the SEC since January 1, 1993, including without limitation all Annual Reports on Form 11-K filed with respect to the Bell Atlantic Benefit Plans (collectively, the "Bell Atlantic SEC Reports"). The Bell Atlantic SEC Reports (i) were prepared substantially in accordance with the requirements of the 1933 Act or the Exchange Act, as the case may be, and the rules and regulations promulgated under each of such respective acts, and (ii) did not at the time they were filed contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The financial statements, including all related notes and schedules, contained in the Bell Atlantic SEC Reports (or incorporated by reference therein) fairly present the consolidated financial position of Bell Atlantic and its Subsidiaries as at the respective dates thereof and the consolidated results of operations and cash flows of Bell Atlantic and its Subsidiaries for the periods indicated in accordance with GAAP applied on a consistent basis throughout the periods involved (except for changes in accounting principles disclosed in the notes thereto) and subject in the case of interim financial statements to normal year-end adjustments.

SECTION 5.7 - Absence of Certain Changes or Events. Except as disclosed in the Bell Atlantic SEC Reports filed prior to the date hereof and on Schedule 5.7, since December 31, 1995, Bell Atlantic and its Subsidiaries have not incurred any material liability, except in the ordinary course of their businesses consistent with their past practices, and there has not been any change, or any event involving a prospective change, in the business, financial condition or results of operations of Bell Atlantic or any of its Subsidiaries which has had, or is reasonably likely to have, a Material Adverse Effect on Bell Atlantic, and Bell Atlantic and its Subsidiaries have conducted their respective businesses in the ordinary course consistent with their past practices.

SECTION 5.8 - Litigation. There are no claims, actions, suits, proceedings or investigations pending or, to Bell Atlantic's knowledge, threatened against Bell Atlantic or any of its Subsidiaries, or any properties or rights of Bell Atlantic or any of its Subsidiaries, before any court, administrative, governmental, arbitral, mediation or regulatory authority or body, domestic or foreign, as to which there is more than a remote possibility of an adverse judgment or determination against Bell Atlantic or any of its Subsidiaries or any properties or

rights of Bell Atlantic or any of its Subsidiaries in excess of $2 million (net of insurance and net of accruals reflected in the financial statements incorporated by reference in Bell Atlantic SEC Reports), except (a) as disclosed on Schedule 5.8 hereto, (b) as disclosed on Schedules 5.9, 5.12, 5.13 or 5.22 hereto, (c) such claims, actions, suits, proceedings or investigations which are pending or threatened against Jointly Held Persons, NYNEX or any of its Subsidiaries, and (d) cases in which neither Bell Atlantic nor any of its Subsidiaries is a named defendant, but as to which Bell Atlantic or any of its Subsidiaries may be liable for an allocable share of any judgment rendered pursuant to the POR. With respect to tax matters, litigation shall not be deemed threatened unless a tax authority has delivered a written notice of deficiency to Bell Atlantic or any of its Subsidiaries.

SECTION 5.9 - No Violation of Law. The business of Bell Atlantic and its Subsidiaries is not being conducted in violation of any Legal Requirements or in violation of any Permits, except for possible violations none of which, individually or in the aggregate, may reasonably be expected to have a Material Adverse Effect on Bell Atlantic. Except as disclosed in Bell Atlantic SEC Reports and as set forth on Schedule 5.9 hereto, no investigation or review by any domestic or foreign governmental or regulatory entity (including any stock exchange or other self-regulatory body) with respect to Bell Atlantic or its Subsidiaries in relation to any alleged violation of law or regulation is pending or, to Bell Atlantic's knowledge, threatened, nor has any governmental or regulatory entity (including any stock exchange or other self-regulatory body) indicated an intention to conduct the same, except for such investigations which, if they resulted in adverse findings, would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Bell Atlantic. Except as set forth on Schedule 5.9 hereto, neither Bell Atlantic nor any of its Subsidiaries is subject to any cease and desist or other order, judgment, injunction or decree issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or has adopted any board resolutions at the request of, any court, governmental entity or regulatory agency that materially restricts the conduct of its business or which may reasonably be expected to have a Material Adverse Effect on Bell Atlantic, nor has Bell Atlantic or any of its Subsidiaries been advised that any court, governmental entity or regulatory agency is considering issuing or requesting any of the foregoing. None of the representations and warranties made in this Section 5.9 are being made with respect to Environmental Laws.

SECTION 5.10 - Joint Proxy Statement. None of the information supplied or to be supplied by or on behalf of Bell Atlantic for inclusion or incorporation by reference in the Registration Statement will, at the time the Registration Statement becomes effective under the 1933 Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the information supplied or to be supplied by or on behalf of Bell Atlantic for inclusion or incorporation by reference in the Joint Proxy Statement will, at the dates mailed to stockholders and at the times of the NYNEX stockholders' meeting and the Bell Atlantic stockholders' meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Registration Statement and

the Joint Proxy Statement (except for information relating solely to NYNEX) will comply as to form in all material respects with the provisions of the 1933 Act and the Exchange Act and the rules and regulations promulgated thereunder.

SECTION 5.11 - Employee Matters; ERISA. Except as previously disclosed in writing by Bell Atlantic's outside counsel to NYNEX's outside counsel with specific reference to this Section 5.11:

(a) Set forth on Schedule 5.11 hereto is a true and complete list of all employee benefit plans covering present and former employees or directors of Bell Atlantic and of each of its Subsidiaries or their beneficiaries, or providing benefits to such persons in respect of services provided to any such entity, including, but not limited to, any employee benefit plans within the meaning of Section 3(3) of ERISA, any deferred compensation bonuses, stock options, restricted stock plans, incentive compensation, severance or change in control agreements and any other material benefit arrangements or payroll practices (collectively, the "Bell Atlantic Benefit Plans").

(b) All contributions and other payments required to be made by Bell Atlantic or any of its Subsidiaries to or under any Bell Atlantic Benefit Plan (or to any person pursuant to the terms thereof) have been made or the amount of such payment or contribution obligation has been reflected in the Bell Atlantic Financial Statements.

(c) Each of the Bell Atlantic Benefit Plans intended to be "qualified" within the meaning of Section 401(a) of the Code has been determined by the IRS to be so qualified, and, to Bell Atlantic's knowledge, no circumstances exist that could reasonably be expected by Bell Atlantic to result in the revocation of any such determination. Bell Atlantic is in compliance in all material respects with, and each of the Bell Atlantic Benefit Plans is and has been operated in all material respects in compliance with, all applicable Legal Requirements governing such plan, including, without limitation, ERISA and the Code. Each Bell Atlantic Benefit Plan intended to provide for the deferral of income or the reduction of salary or other compensation, or to afford other income tax benefits, complies in all material respects with the requirements of the applicable provisions of the Code and other Legal Requirements to the extent required to provide such income tax benefits.

(d) With respect to the Bell Atlantic Benefit Plans, individually and in the aggregate, no event has occurred and, to Bell Atlantic's knowledge, there does not now exist any condition or set of circumstances, that could subject Bell Atlantic or any of its Subsidiaries to any material liability arising under the Code, ERISA or any other applicable Legal Requirements (including, without limitation, any liability to any such plan or the PBGC), or under any indemnity agreement to which Bell Atlantic or any of its Subsidiaries is a party, excluding liability for benefit claims and funding obligations payable in the ordinary course.

(e) Except as set forth on Schedule 5.11 hereto, none of the Bell Atlantic Benefit Plans that are "welfare plans" within the meaning of Section 3(1) of ERISA provides for any retiree benefits other than continuation coverage required to be provided under Section 4980B of the Code or Part 6 of Title I of ERISA.

(f) Bell Atlantic has made available to NYNEX a true and correct copy of each current or last, in the case where there is no current, expired collective bargaining agreement to which Bell Atlantic or any of its Subsidiaries is a party or under which Bell Atlantic or any of its Subsidiaries has obligations and, with respect to each Bell Atlantic Benefit Plan, where applicable, (i) such plan (but only to the extent such plan is intended to be covered by Section 401 of the Code) and summary plan description, (ii) the most recent annual report filed with the IRS, (iii) each related trust agreement (including all material amendments to each such trust agreement), (iv) the most recent determination of the IRS with respect to the qualified status of such Bell Atlantic Benefit Plan, and (v) the most recent actuarial report or valuation.

(g) Except as set forth on Schedule 5.11 hereto, (i) the consummation or announcement of any transaction contemplated by this Agreement will not (either alone or upon the occurrence of any additional or further acts or events) result in any (A) payment (whether of severance pay or otherwise) becoming due from Bell Atlantic or any of its Subsidiaries to any officer, employee, former employee or director thereof or to the trustee under any "rabbi trust" or similar arrangement, or (B) benefit under any Bell Atlantic Benefit Plan being established or becoming accelerated, vested or payable and (ii) neither Bell Atlantic nor any of its Subsidiaries is a party to (A) any management, employment, deferred compensation, severance (including any payment, right or benefit resulting from a change in control), bonus or other contract for personal services with any current or former officer, director or employee (whether or not characterized as a plan for purposes of ERISA), (B) any consulting contract with any person who prior to entering into such contract was a director or officer of Bell Atlantic or any of its Subsidiaries, or (C) any plan, agreement, arrangement or understanding similar to any of the items described in clause (ii)(A) or (B) of this sentence.

(h) The consummation or announcement of any transaction contemplated by this Agreement will not (either alone or upon the occurrence of any additional or further acts or events) result in the disqualification of any of the Bell Atlantic Benefit Plans intended to be qualified under, result in a prohibited transaction or breach of fiduciary duty under, or otherwise violate, ERISA or the Code.

(i) Neither Bell Atlantic nor any of its Subsidiaries nor any of their directors, officers, employees or agents, nor any "party in interest" or "disqualified person", as such terms are defined in Section 3 of ERISA and Section 4975 of the Code has, with respect to any Bell Atlantic Benefit Plan, engaged in or been a party to any "prohibited transaction", as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which is not otherwise exempt, which could result in the imposition of either a penalty assessed pursuant to Section 502(i) of ERISA or a tax imposed by Section 4975 of the Code or which could constitute a breach of fiduciary duty, in each case applicable to Bell Atlantic or any Bell Atlantic Benefit Plan and which would result in a Material Adverse Effect on Bell Atlantic.

(j) No Bell Atlantic Benefit Plan subject to Section 412 of the Code has incurred any now existing "accumulated funding deficiency" (as defined in ERISA), whether or not waived. Neither Bell Atlantic nor any of its Subsidiaries has incurred, and none of such entities reasonably expects to incur, any material liability to the PBGC with respect to any Bell Atlantic Benefit Plan. Neither Bell Atlantic nor any of its Subsidiaries is a party to,

and neither has incurred or reasonably expects to incur, any withdrawal liability with respect to, any "multiemployer plan" (as defined in Section 3(37) of ERISA) for which there is any outstanding liability.

SECTION 5.12 - Labor Matters. Except as disclosed on Schedule 5.12 hereto, neither Bell Atlantic nor any of its Subsidiaries is party to any collective bargaining agreement or other labor agreement with any union or labor organization and no union or labor organization has been recognized by Bell Atlantic or any of its Subsidiaries as an exclusive bargaining representative for employees of Bell Atlantic or any of its Subsidiaries. Except as disclosed on Schedule 5.12 hereto, to Bell Atlantic's knowledge, there is no current union representation question involving employees of Bell Atlantic or any of its Subsidiaries, nor does Bell Atlantic have knowledge of any significant activity or proceeding of any labor organization (or representative thereof) or employee group to organize any such employees. Neither Bell Atlantic nor any of its Subsidiaries has made any commitment not in collective bargaining agreements listed on Schedule 5.12 hereto that would require the application of the terms of any collective bargaining agreements entered into by Bell Atlantic or any of its Subsidiaries to NYNEX, or to any joint venture of NYNEX or to any Subsidiary of NYNEX. Except as disclosed on Schedule 5.12 hereto, (i) there is no material active arbitration under any collective bargaining agreement involving Bell Atlantic or any of its Subsidiaries, (ii) there is no material unfair labor practice, grievance, employment discrimination or other labor or employment related charge, complaint or claim against Bell Atlantic or any of its Subsidiaries pending before any court, arbitrator, mediator or governmental agency or tribunal, or, to Bell Atlantic's knowledge, threatened, (iii) there is no material strike, picketing or work stoppage by, or any lockout of, employees of Bell Atlantic or any of its Subsidiaries pending or, to Bell Atlantic's knowledge, threatened, against or involving Bell Atlantic or any of its Subsidiaries, (iv) there is no significant active arbitration under any collective bargaining agreement involving Bell Atlantic or any of its Subsidiaries regarding the employer's right to move work from one location or entity to another, or to consolidate work locations, or involving other similar restrictions on business operations, and (v) there is no material proceeding, claim, suit, action or governmental investigation pending or, to Bell Atlantic's knowledge, threatened, in respect of which any director, officer, employee or agent of Bell Atlantic or any of its Subsidiaries is or may be entitled to claim indemnification from Bell Atlantic or such Bell Atlantic Subsidiary pursuant to their respective charters or bylaws or as provided in the indemnification agreements, if any, listed on Schedule 5.12 hereto. For purposes of this Section 5.12, "material" refers to any liability which could reasonably be expected to exceed $1 million.

SECTION 5.13 - Environmental Matters. Except as set forth on Schedule 5.13 hereto or in the Bell Atlantic SEC Reports filed prior to the date hereof:

(a) To Bell Atlantic's knowledge, Bell Atlantic and each of the Bell Atlantic Subsidiaries is in compliance with all applicable Environmental Laws and neither Bell Atlantic nor any of its Subsidiaries has received any written or oral communication from any person or governmental authority that alleges that Bell Atlantic or any of its Subsidiaries is not in compliance with applicable Environmental Laws where such non-compliance could reasonably be expected to result in a Material Adverse Effect on Bell Atlantic.

(b) To Bell Atlantic's knowledge, Bell Atlantic and each of its Subsidiaries has obtained or has applied for all material Environmental Permits necessary for the construction of their facilities or the conduct of their operations, and all such material Environmental Permits are effective or, where applicable, a renewal application has been timely filed and is pending agency approval, and Bell Atlantic and its Subsidiaries are in material compliance with all terms and conditions of such Environmental Permits. To Bell Atlantic's knowledge, there are no past or present events, conditions, circumstances, activities, practices, incidents, actions or plans that may interfere with, or prevent, future continued material compliance on the part of Bell Atlantic or any of its Subsidiaries with such Environmental Permits.

(c) To Bell Atlantic's knowledge, there is no currently existing requirement to be imposed in the future by any Environmental Law or Environmental Permit which could reasonably be expected to result in the incurrence of a material cost by NYNEX or any of its Subsidiaries.

(d) To Bell Atlantic's knowledge, there is no material Environmental Claim pending or threatened (i) against Bell Atlantic or any of its Subsidiaries, (ii) against any person whose liability for any Environmental Claim Bell Atlantic or any of its Subsidiaries has or may have retained or assumed either contractually or by operation of law, or (iii) against any real or personal property or operations which Bell Atlantic or any of its Subsidiaries owns, leases or manages, in whole or in part.

(e) To Bell Atlantic's knowledge, there have been no Releases of any Hazardous Material that would be reasonably likely to form the basis of any material Environmental Claim against Bell Atlantic or any of its Subsidiaries, or against any person whose liability for any material Environmental Claim Bell Atlantic or any of its Subsidiaries has or may have retained or assumed either contractually or by operation of law.

(f) To Bell Atlantic's knowledge, with respect to any predecessor of Bell Atlantic or any of its Subsidiaries, there is no material Environmental Claim pending or threatened, or any Release of Hazardous Materials that would be reasonably likely to form the basis of any material Environmental Claim against Bell Atlantic or any of its Subsidiaries.

(g) To Bell Atlantic's knowledge, Bell Atlantic has disclosed to NYNEX all material facts which Bell Atlantic reasonably believes form the basis of a material current or future cost relating to any environmental matter affecting Bell Atlantic and its Subsidiaries which Bell Atlantic believes will or is reasonably likely to result in a Material Adverse Effect on Bell Atlantic.

(h) To Bell Atlantic's knowledge, neither Bell Atlantic nor any of its Subsidiaries, nor any owner of premises leased or operated by Bell Atlantic or any of its Subsidiaries has filed any notice with respect to such premises under federal, state, local or foreign law indicating past or present treatment, storage or disposal of Hazardous Materials, as regulated under 40 C.F.R. Parts 264-267 or any state, local or foreign equivalent or is engaging or has engaged in business operations involving the generation, transportation, treatment, recycle or disposal of any waste (excluding low level radioactive tubes from central

office equipment or typical smoke and fire alarm components) regulated under Environmental Laws pertaining to radioactive materials or the nuclear power industry, including, without limitation, requirements of Volume 10 of the Code of Federal Regulations

(i) To Bell Atlantic's knowledge, none of the properties owned, leased or operated by Bell Atlantic, its Subsidiaries or any predecessor thereof are now, or were in the past, listed on the NPL, CERCLIS or any other comparable state or local environmental database (excluding easements that transgress such Superfund Sites listed on the NPL or CERCLIS sites).

(j) To Bell Atlantic's knowledge, the Merger will not require any governmental approvals under the Environmental Laws, including those that are triggered by sales or transfers of businesses or real property.

(k) Any matter which Bell Atlantic reasonably believes does not present a significant likelihood of requiring expenditures by, or causing the incurrence of liabilities by, Bell Atlantic and its Subsidiaries of more than $2 million or, in the case of repetitive facility upgrades, will not in the aggregate cause expenditures or liabilities of more than $12 million over a six-year period, are excluded from the coverage of any representations made hereunder.

(l) No representation is made by Bell Atlantic in this Section 5.13 as to Environmental Claims for which neither Bell Atlantic nor any of its Subsidiaries is (or would be, if a claim were brought in a formal proceeding) a named defendant, but as to which Bell Atlantic or any of its Subsidiaries may be liable for an allocable share of any judgment rendered pursuant to the POR. No representation is made by Bell Atlantic in subsection (i) of this Section 5.13 as to properties owned, leased or operated by AT&T or any of its Subsidiaries except for such properties which are, or at any time since November 1, 1983 were, owned, leased or operated by Bell Atlantic or any of its Subsidiaries.

SECTION 5.14 - Board Action; Vote Required; Redemption of Rights; Applicability of Section 203. (a) The Board of Directors of Bell Atlantic has unanimously determined that the transactions contemplated by this Agreement are in the best interests of Bell Atlantic and its stockholders and has resolved to recommend to such stockholders that they vote in favor thereof.

(b) The approval of the Certificate Amendment by a majority of the votes entitled to be cast by all holders of Bell Atlantic Common Stock and the approval of the Merger Agreement and the issuance of Bell Atlantic Common Stock pursuant thereto by a majority of the votes cast thereon, provided that the total votes cast thereon represents over 50% in interest of all securities of Bell Atlantic entitled to vote thereon, is the only vote of the holders of any class or series of the capital stock of Bell Atlantic required to approve this Agreement, the Merger, the Certificate Amendment and the other transactions contemplated hereby

(c) By resolution adopted January 23, 1996, the Board of Directors of Bell Atlantic ordered the redemption of the rights issued pursuant to the Shareholder Rights Plan adopted by the Board of Bell Atlantic on March 28, 1989 and the related Rights Agreement,

at a redemption price of $.01 per right. Bell Atlantic has not adopted any other shareholder rights plan.

(d) The provisions of Section 203 of the Delaware Law will not, assuming the accuracy of the representations contained in Section 4.20 hereof (without giving effect to the knowledge qualification therein), apply to this Agreement or any of the transactions contemplated hereby.

SECTION 5.15 - Opinion of Financial Advisor. Bell Atlantic has received the opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), dated April 21, 1996, to the effect that, as of such date, the Bell Atlantic Exchange Ratio (as defined in the Original Agreement), taking into account the NYNEX Exchange Ratio (as defined in the Original Agreement), was fair from a financial point of view to the holders of Bell Atlantic Common Stock, and has received the letter of Merrill Lynch dated July 2, 1996, to the effect that if, as of April 21, 1996, its analyses and review had been conducted in connection with this Agreement, instead of in connection with the Original Agreement, Merrill Lynch would have concluded, as of April 21, 1996, that the Exchange Ratio was fair from a financial point of view to Bell Atlantic and, accordingly, to the holders of Bell Atlantic Common Stock.

SECTION 5.16 - Brokers. Except for Merrill Lynch, the arrangements with which have been disclosed to NYNEX prior to the date hereof, who has been engaged by Bell Atlantic, no broker, finder or investment banker is entitled to any brokerage, finder's, investment banking or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Bell Atlantic or any of its Subsidiaries.

SECTION 5.17 - Tax Matters. Except as set forth on Schedule 5.17 hereto:

(a) All material federal and foreign tax returns and tax reports required to be filed by Bell Atlantic or its Subsidiaries on or prior to the Effective Time or with respect to taxable periods ending on or prior to the Effective Time have been or will be filed with the appropriate governmental authorities on or prior to the Effective Time or by the due date thereof including extensions;

(b) All material state and local tax returns and tax reports required to be filed by Bell Atlantic or its Subsidiaries on or prior to the Effective Time or with respect to taxable periods ending on or prior to the Effective Time which relate to income, profits, franchise, property, sales, use or other taxes, have been or will be filed with the appropriate governmental authorities on or prior to the Effective Time or by the due date thereof including extensions;

(c) The tax returns and tax reports referred to in subparts (a) and (b) of this Section 5.17 correctly reflect (and as to returns not filed as of the date hereof, will correctly reflect) all material tax liabilities of Bell Atlantic and its Subsidiaries required to be shown thereon.

(d) All material federal, state, local and foreign income, profits, franchise, property, sales, use and other taxes (including interest and penalties) shown as due on those tax returns and tax reports referred to in subparts (a) and (b) of this Section 5.17 which have been or will be filed by the Effective Time, as well as any material foreign withholding taxes imposed on or in respect of any amounts paid to or by Bell Atlantic or any of its Subsidiaries, whether or not such amounts or withholding taxes are referred to or shown on any tax returns or tax reports referred to in Section 5.17(a) or (b) hereof, have been or will be fully paid or adequately reflected as a liability on Bell Atlantic's or its Subsidiaries' books and records on or prior to the Closing Date;

(e) With respect to any period for which tax returns and tax reports have not yet been filed, or for which taxes are not yet due or owing, Bell Atlantic and its Subsidiaries have made due and sufficient accruals for such taxes in their respective books and records and financial statements;

(f) The representations and warranties contained in the Bell Atlantic Officer's Certificate attached hereto as Schedule 5.17(f) are true and correct; and

(g) Neither Bell Atlantic nor any of its affiliates has taken or agreed to take any action that would (a) prevent or impede the Merger from qualifying as a tax-free reorganization under Section 368 of the Code, or (b) make untrue any representation or warranty contained in the Officer's Certificate referred to in Section 5.17(f) hereof.

SECTION 5.18 - Intellectual Property. To Bell Atlantic's knowledge, neither Bell Atlantic nor any of its Subsidiaries utilizes or has utilized any patent, trademark, tradename, service mark, copyright, software, trade secret or know-how, except for those which are owned, possessed or lawfully used by Bell Atlantic or its Subsidiaries in their operations, and, to the knowledge of Bell Atlantic, neither Bell Atlantic nor any of its Subsidiaries infringes upon or unlawfully or wrongfully uses any patent, trademark, tradename, service mark, copyright or trade secret owned or validly claimed by another.

SECTION 5.19 - Insurance. Except as set forth on Schedule 5.19 hereto, each of Bell Atlantic and each of its Significant Subsidiaries is, and has been continuously since January 1, 1985 (or such later date as such Significant Subsidiary was organized or acquired by Bell Atlantic), insured with financially responsible insurers in such amounts and against such risks and losses as are customary for companies conducting the business as conducted by Bell Atlantic and its Subsidiaries during such time period. Except as set forth on such Schedule 5.19, since January 1, 1993, neither Bell Atlantic nor any of its Subsidiaries has received notice of cancellation or termination with respect to any material insurance policy of Bell Atlantic or its Subsidiaries. The insurance policies of Bell Atlantic and its Subsidiaries are valid and enforceable policies.

SECTION 5.20 - Ownership of Securities. As of the date hereof, neither Bell Atlantic nor, to Bell Atlantic's knowledge, any of its affiliates or associates (as such terms are defined under the Exchange Act), (a)(i) beneficially owns, directly or indirectly, or (ii) is party to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of, in each case, shares of capital stock of NYNEX, which in the

aggregate represent 10% or more of the outstanding shares of NYNEX Common Stock (other than shares held by Bell Atlantic Benefit Plans), nor (b) is an "interested stockholder" of NYNEX within the meaning of Section 203 of the Delaware Law. Except as set forth on Schedule 5.20 hereto, Bell Atlantic owns no shares of NYNEX Common Stock described in the parenthetical clause of Section 2.2(a) hereof which would be canceled and retired without consideration pursuant to Section 2.3(a) hereof.

SECTION 5.21 - Certain Contracts. (a) All contracts described in Item 601(b)(10) of Regulation S-K to which Bell Atlantic or its Subsidiaries is a party or may be bound ("Bell Atlantic Contracts") have been filed as exhibits to, or incorporated by reference in, Bell Atlantic's Annual Report on Form 10-K for the year ended December 31, 1995. All Bell Atlantic Contracts are valid and in full force and effect on the date hereof except to the extent they have previously expired in accordance with their terms, and neither Bell Atlantic nor any of its Subsidiaries has violated any provision of, or committed or failed to perform any act which with or without notice, lapse of time or both would constitute a default under the provisions of, any Bell Atlantic Contract, except for defaults which, individually and in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on Bell Atlantic. True and complete copies of all Bell Atlantic Contracts have been delivered to NYNEX or made available for inspection.

(b) Set forth on Schedule 5.21 hereto is a list of each contract, agreement or arrangement to which Bell Atlantic or any of its Subsidiaries is a party or may be bound and (i) under the terms of which any of the rights or obligations of a party thereto will be modified or altered as a result of the transactions contemplated hereby in a manner which, individually or in the aggregate with all such other contracts, agreements or arrangements would reasonably be expected to result in a Material Adverse Effect on Bell Atlantic; (ii) is an arrangement limiting or restraining Bell Atlantic, NYNEX, any Bell Atlantic or NYNEX Subsidiary or any successor thereto from engaging or competing in any business which has, or could reasonably be expected to have in the foreseeable future, a Material Adverse Effect on Bell Atlantic; or (iii) to Bell Atlantic's knowledge, is an arrangement limiting or restraining Bell Atlantic, NYNEX or any of their respective Subsidiaries or affiliates or any successor thereto from engaging or competing in any business.

SECTION 5.22 - Certain Regulatory Matters. (a) Except as disclosed on Schedule 5.22 hereto and except for billing disputes with customers arising in the ordinary course of business that in the aggregate involve immaterial amounts, there are no proceedings or investigations pending or, to Bell Atlantic's knowledge, threatened, before any domestic or foreign court, administrative, governmental or regulatory body in which any of the following matters are being considered, nor has Bell Atlantic or any of its Subsidiaries received written notice or inquiry from any such body, government official, consumer advocacy or similar organization or any private party, indicating that any of such matters should be considered or may become the object of consideration or investigation: (i) reduction of rates charged to customers; (ii) reduction of earnings; (iii) refunds of amounts previously charged to customers; or (iv) failure to meet any expense, infrastructure, service quality or other commitments previously made to or imposed by any administrative, governmental or regulatory body.

(b) Except as disclosed on Schedule 5.22 hereto, neither Bell Atlantic nor any of its Subsidiaries has any outstanding commitments (and no such obligations have been imposed upon Bell Atlantic and remain outstanding) regarding (i) reduction of rates charged to customers; (ii) reduction of earnings; (iii) refunds of amounts previously charged to customers or (iv) expenses, infrastructure expenditures, service quality or other regulatory requirements to or by any domestic or foreign court, administrative, governmental or regulatory body, government official, consumer advocacy or similar organization.

ARTICLE VI - CONDUCT OF INDEPENDENT BUSINESSES PENDING THE MERGER

SECTION 6.1 - Transition Planning. Raymond W. Smith and Ivan G. Seidenberg, as Chairmen of Bell Atlantic and NYNEX, respectively, jointly shall be responsible for coordinating all aspects of transition planning and implementation relating to the Merger and the other transactions contemplated hereby. If either such person ceases to be Chairman of his respective company for any reason, such person's successor as Chairman shall assume his predecessor's responsibilities under this Section 6.1. During the period between the date hereof and the Effective Time, Messrs. Smith and Seidenberg jointly shall (i) examine various alternatives regarding the manner in which to best organize and manage the businesses of Bell Atlantic and NYNEX after the Effective Time, and (ii) coordinate policies and strategies with respect to regulatory authorities and bodies, in all cases subject to applicable law.

SECTION 6.2 - Conduct of Business in the Ordinary Course. Each of NYNEX and Bell Atlantic covenants and agrees that, subject to the provisions of Section 7.16 hereof, between the date hereof and the Effective Time, unless the other shall otherwise consent in writing, and except as described on Schedule 6.2 hereto or as otherwise expressly contemplated hereby, the business of such Party and its Subsidiaries shall be conducted only in, and such entities shall not take any action except in, the ordinary course of business and in a manner consistent with past practice; and each of NYNEX and Bell Atlantic and their respective Subsidiaries will use their commercially reasonable efforts to preserve substantially intact their business organizations, to keep available the services of those of their present officers, employees and consultants who are integral to the operation of their businesses as presently conducted and to preserve their present relationships with significant customers and suppliers and with other persons with whom they have significant business relations. By way of amplification and not limitation, except as set forth on Schedule 6.2 hereto or as otherwise expressly contemplated by this Agreement, each of NYNEX and Bell Atlantic agrees on behalf of itself and its Subsidiaries that they will not, between the date hereof and the Effective Time, directly or indirectly, do any of the following without the prior written consent of the other:

(a) (i) except for (A) the issuance of shares of NYNEX Common Stock and Bell Atlantic Common Stock in amounts not exceeding the amounts set forth in Schedule 6.2 in order to satisfy obligations under employee benefit plans disclosed in Schedule 4.3 or 5.3 and Equity Rights issued thereunder and under existing dividend reinvestment plans; (B) grants of stock options with respect to NYNEX Common Stock or Bell Atlantic Common

Stock to employees in the ordinary course of business and in amounts and in a manner consistent with past practice, which shall not exceed the respective amounts of options for NYNEX or Bell Atlantic, as the case may be, set forth on Schedule 6.2 hereto; and (C) the issuance of securities by a Subsidiary to any person which is directly or indirectly wholly owned by NYNEX or Bell Atlantic (as the case may be): issue, sell, pledge, dispose of, encumber, authorize, or propose the issuance, sale, pledge, disposition, encumbrance or authorization of any shares of capital stock of any class, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of capital stock of, or any other ownership interest in, such Party or any of its Subsidiaries; (ii) amend or propose to amend the Certificate of Incorporation or Bylaws of such Party or any of its Subsidiaries or adopt, amend or propose to amend any shareholder rights plan or related rights agreement; (iii) split, combine or reclassify any outstanding shares of NYNEX Common Stock and Bell Atlantic Common Stock, or declare, set aside or pay any dividend or distribution payable in cash, stock, property or otherwise with respect to shares of NYNEX Common Stock and Bell Atlantic Common Stock, except for cash dividends to stockholders of NYNEX and Bell Atlantic declared in the ordinary course of business and consistent with past practice payable to stockholders of record on the record dates consistently used in prior periods, which dividends shall not exceed the per share amounts for NYNEX or Bell Atlantic, as the case may be, set forth on Schedule 6.2 hereto, and the redemption of rights contemplated by Section 5.14(c) hereof, as long as such payments do not impair, and could not reasonably be expected to impair, the ability to meet the condition set forth in Section 8.1(h) hereof; (iv) redeem, purchase or otherwise acquire or offer to redeem, purchase or otherwise acquire any shares of its capital stock, except that each of NYNEX and Bell Atlantic shall be permitted to acquire shares of NYNEX Common Stock or Bell Atlantic Common Stock, as the case may be, from time to time in open market transactions, consistent with past practice and in compliance with applicable law and the provisions of any applicable employee benefit plan, program or arrangement, for issuance upon the exercise of options and other rights granted, and the lapsing of restrictions, under such Party's respective employee benefit plans, programs and arrangements and dividend reinvestment plans; or (v) authorize or propose or enter into any contract, agreement, commitment or arrangement with respect to any of the matters prohibited by this Section 6.2(a);

(b) (i) acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or make any investment in another entity other than an entity which is a wholly owned Subsidiary of such Party as of the date hereof, except for investments which do not exceed $100,000,000 for any single investment or series of related investments, or $300,000,000 in the aggregate for all such investments in any 12-month period; (ii) except in the ordinary course of business and in a manner consistent with past practice, sell, pledge, dispose of, or encumber or authorize or propose the sale, pledge, disposition or encumbrance of any assets of such Party or any of its Subsidiaries, except for transactions which do not exceed $100,000,000 individually or $300,000,000 in the aggregate in any 12-month period; (iii) authorize or make capital expenditures which are in excess of the amounts shown in Schedule 6.2 hereto; (iv) enter into any agreement, contract or commitment which involves an amount in excess of $50,000,000 individually or as part of a series of related transactions, except for (A) agreements, contracts and commitments of a type referred to in another clause of this subsection (b) and not prohibited thereby because of the amount of such contract and (B) agreements, contracts and

commitments entered into (I) in the ordinary course of business of operating the wireline, directory publishing or cellular business of NYNEX or Bell Atlantic, as the case may be, or (II) in accordance with the then current business plan for any of the other existing businesses of NYNEX or Bell Atlantic, as the case may be; or (v) authorize, enter into or amend any contract, agreement, commitment or arrangement with respect to any of the matters prohibited by this Section 6.2(b);

(c) incur indebtedness or increase minority interest (from that shown on its balance sheet as at December 31, 1995) except as permitted by Schedule 6.2 hereto, and provided further that neither shall incur indebtedness, increase minority interest, or take any other action if, following the taking of such action, (i) it is reasonably anticipated that such Party's or any of its Subsidiaries' outstanding senior indebtedness would be rated BBB or lower by Standard & Poor's, or (ii) the amount of such Party's floating rate debt on a consolidated basis would exceed 35% of total indebtedness for money borrowed on the last day of the calendar quarter in which the action would be taken, or on the Closing Date (where floating rate debt means indebtedness for money borrowed as to which the interest rate is adjusted more often than annually);

(d) enter into (i) leveraged derivative contracts (defined as contracts that use a factor to multiply the underlying index exposure), or (ii) other derivative contracts except for the purpose of hedging known interest rate and foreign exchange exposures or otherwise reducing such Party's cost of financing;

(e) take any action with respect to the grant of any severance or termination pay, or stay, bonus, or other incentive arrangements (otherwise than pursuant to Benefit Plans and policies of such Party in effect on the date hereof) or with respect to any increase in benefits payable under its severance or termination pay policies, or stay, bonus or other incentive arrangements in effect on the date hereof.

(f) make any payments (except in the ordinary course of business and in amounts and in a manner consistent with past practice or as otherwise required by Legal Requirements or the provisions of any NYNEX Benefit Plan or Bell Atlantic Benefit Plan, as the case may be) under any NYNEX Benefit Plan or any Bell Atlantic Benefit Plan, as the case may be, to any director or employee of, or independent contractor or consultant to, such Party or any of its Subsidiaries, adopt or otherwise materially amend (except for amendments required or made advisable by Legal Requirements) any NYNEX Benefit Plan or Bell Atlantic Benefit Plan, as the case may be, or enter into or amend any employment or consulting agreement of the type which would be required to be disclosed hereunder pursuant to Section 4.11 hereof with respect to NYNEX or Section 5.11 hereof with respect to Bell Atlantic, or grant or establish any new awards under any such existing NYNEX Benefit Plan or Bell Atlantic Benefit Plan or agreement (except in the ordinary course of business and in amounts and in a manner consistent with past practice);

(g) change in any material respect its accounting policies, methods or procedures except as required by GAAP;

(h) do any act or omit to do any act which would cause a breach of any contract, commitment or obligation if the result would, individually or in the aggregate have a Material Adverse Effect;

(i) take any action which could reasonably be expected to adversely affect or delay the ability of any of the Parties to obtain any approval of any governmental or regulatory body required to consummate the transactions contemplated hereby;

(j) take any action that would (i) prevent or impede the Merger from qualifying as a tax-free reorganization under Section 368 of the Code; (ii) make untrue any representation or warranty contained, in the case of NYNEX and its Subsidiaries, in the Officer's Certificate set forth on Schedule 4.17(f) and, in the case of Bell Atlantic and its Subsidiaries, in the Officer's Certificate set forth on Schedule 5.17(f); or (iii) prevent or impede the Merger from qualifying as a pooling of interests for accounting purposes;

(k) take any action other than in the ordinary course of business and in a manner consistent with past practice with respect to increases in employee compensation;

(l) other than pursuant to this Agreement, take any action to cause the shares of their respective Common Stock to cease to be quoted on any of the stock exchanges on which such shares are now quoted;

(m) (i) issue SARs, new performance shares, restricted stock, or similar equity based rights; (ii) materially modify (with materiality to be determined with respect to the Benefit Plan in question) any actuarial cost method, assumption or practice used in determining benefit obligations, annual expense and funding for any Benefit Plan, except to the extent required by GAAP; (iii) materially modify (with materiality to be determined with respect to the Benefit Plan trust in question) the investment philosophy of the Benefit Plan trusts or maintain an asset allocation which is not consistent with such philosophy, subject to any ERISA fiduciary obligation; (iv) subject to any ERISA fiduciary obligation, enter into any outsourcing agreement, or any other material contract relating to the Benefit Plans or management of the Benefit Plan trusts, provided that Bell Atlantic and NYNEX may enter into any such contracts that may be terminated within two years; (v) offer any new or extend any existing retirement incentive, "window" or similar benefit program; (vi) grant any ad hoc pension increase; (vii) establish any new or fund any existing "rabbi" or similar trust (except in accordance with the current terms of such trust), or enter into any other arrangement for the purpose of securing non-qualified benefits or deferred compensation; (viii) adopt or implement any corporate owned life insurance; or (ix) adopt, implement or maintain any "split dollar" life insurance program; or

(n) take any action which would cause its representations and warranties contained herein to become inaccurate in any material respect.

NYNEX and Bell Atlantic agree that any written approval obtained under this Section 6.2 may be relied upon by the other Party if signed by the Chief Executive Officer or any other executive officer of the Party providing such written approval.

SECTION 6.3 - No Solicitation. From and after the date hereof, NYNEX and Bell Atlantic, without the prior written consent of the other, will not, and will not authorize or permit any of their respective Party Representatives (as defined in Section 7.5 hereof) to, directly or indirectly, solicit, initiate or encourage (including by way of furnishing information) or take any other action to facilitate knowingly any inquiries or the making of any proposal which constitutes or may reasonably be expected to lead to an Acquisition Proposal (as defined below) from any person, or engage in any discussion or negotiations relating thereto or accept any Acquisition Proposal; provided, however, that notwithstanding any other provision hereof, the respective Party may (i) at any time prior to the time the respective Party's stockholders shall have voted to approve this Agreement, engage in discussions or negotiations with a third party who (without any solicitation, initiation, encouragement, discussion or negotiation, directly or indirectly, by or with the Party or its Party Representatives after the date hereof) seeks to initiate such discussions or negotiations and may furnish such third party information concerning the Party and its business, properties and assets if, and only to the extent that, (A)(x) the third party has first made an Acquisition Proposal that is financially superior to the transactions contemplated by this Agreement and has demonstrated that the funds necessary for the Acquisition Proposal are reasonably likely to be available (as determined in good faith in each case by the Party's Board of Directors after consultation with its financial advisors) and (y) the Party's Board of Directors shall conclude in good faith, after considering applicable provisions of state law, on the basis of oral or written advice of outside counsel, that such action is necessary for the Board of Directors to act in a manner consistent with its fiduciary duties under applicable law and (B) prior to furnishing such information to or entering into discussions or negotiations with such person, such Party (x) provides prompt notice to the other Party to the effect that it is furnishing information to or entering into discussions or negotiations with such person or entity and (y) receives from such person or entity an executed confidentiality agreement in reasonably customary form on terms not in the aggregate materially more favorable to such person or entity than the terms contained in the Confidentiality Agreement (as defined in Section 7.5 hereof), (ii) comply with Rule 14e-2 promulgated under the Exchange Act with regard to a tender or exchange offer, and/or (iii) provided such Party terminates this Agreement pursuant to Section 9.1(h) hereof, accept an Acquisition Proposal from a third party. Each Party shall immediately cease and terminate any existing solicitation, initiation, encouragement, activity, discussion or negotiation with any persons conducted heretofore by the Party or its Representatives with respect to the foregoing. Each of NYNEX and Bell Atlantic agrees not to release any third party from, or waive any provision of, any standstill agreement to which it is a party or any confidentiality agreement between it and another person who has made, or who may reasonably be considered likely to make, an Acquisition Proposal, unless its Board of Directors shall conclude in good faith, after considering applicable provisions of state law, on the basis of oral or written advice of outside counsel, that such action is necessary for the Board of Directors to act in a manner consistent with its fiduciary duties. Each of NYNEX and Bell Atlantic shall notify the other Party orally and in writing of any such inquiries, offers or proposals (including, without limitation, the terms and conditions of any such proposal and the identity of the person making it); within 24 hours of the receipt thereof, shall keep the other Party informed of the status and details of any such inquiry, offer or proposal, and shall give the other Party five days' advance notice of any agreement to be entered into with, or any information to be supplied to, any person making such inquiry, offer or proposal. As used herein, "Acquisition Proposal" shall mean a proposal

or offer (other than by another Party) for a tender or exchange offer, merger, consolidation or other business combination involving NYNEX, Bell Atlantic or any Significant Subsidiary of, or telephone company owned by, such Party or any proposal to acquire in any manner a substantial equity interest in, or all or substantially all of the assets of, such Party or any Significant Subsidiary of, or telephone company owned by, such Party; provided, however, that any proposal or offer involving the acquisition by NYNEX or Bell Atlantic of an equity interest in or assets of any Person, whether by tender or exchange offer, merger, consolidation or otherwise, which does not involve, directly or indirectly the issuance of more than 15% of the outstanding common stock as of the date hereof of NYNEX or Bell Atlantic, as the case may be, shall not constitute an Acquisition Proposal, provided that any such transaction in any event shall be subject to Section 6.2.

SECTION 6.4 - Subsequent Financial Statements. Prior to the Effective Time, each of NYNEX and Bell Atlantic (a) will consult with the other prior to making publicly available its financial results for any period and (b) will consult with the other prior to the filing of, and will timely file with the SEC, each Annual Report on Form 10-K, Quarterly Report on Form 10-Q and Current Report on Form 8-K required to be filed by such Party under the Exchange Act and the rules and regulations promulgated thereunder and will promptly deliver to the other copies of each such report filed with the SEC. As of their respective dates, none of such reports shall contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The respective audited financial statements and unaudited interim financial statements of each of NYNEX and Bell Atlantic, as the case may be, included in such reports will fairly present the financial position of such Party and its Subsidiaries as at the dates thereof and the results of their operations and cash flows for the periods then ended in accordance with GAAP applied on a consistent basis and, subject, in the case of unaudited interim financial statements, to normal year-end adjustments and any other adjustments described therein.

SECTION 6.5 - Control of Operations. Nothing contained in this Agreement shall give Bell Atlantic, directly or indirectly, the right to control or direct NYNEX's operations prior to the Effective Time. Nothing contained in this Agreement shall give NYNEX, directly or indirectly, the right to control or direct Bell Atlantic's operations prior to the Effective Time. Prior to the Effective Time, each of Bell Atlantic and NYNEX shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its respective operations.

ARTICLE VII - ADDITIONAL AGREEMENTS

SECTION 7.1 - Joint Proxy Statement and the Registration Statement. (a) As promptly as practicable after the execution and delivery of this Agreement, the Parties shall prepare and file with the SEC, and shall use all reasonable efforts to have cleared by the SEC, and promptly thereafter shall mail to the holders of record of shares of Bell Atlantic Common Stock and NYNEX Common Stock, the Joint Proxy Statement, provided, however, that NYNEX and Bell Atlantic shall not mail or otherwise furnish the Joint Proxy Statement to their respective stockholders unless and until:

(i) they have received notice from the SEC that the Registration Statement is effective under the 1933 Act;

(ii) NYNEX shall have received a letter from Coopers & Lybrand L.L.P., dated the effective date of the Registration Statement, to the effect set forth in Section 8.1(h) hereof and a letter from each of Bear Stearns and Morgan Stanley, dated within two business days of the date of the first mailing of the Joint Proxy Statement, to the effect that, as of the date of such opinion, the Exchange Ratio is fair from a financial point of view to the holders of NYNEX Common Stock;

(iii) Bell Atlantic shall have received a letter from Coopers & Lybrand L.L.P., dated the effective date of the Registration Statement, to the effect set forth in Section 8.1(h) hereof and a letter from Merrill Lynch, dated within two business days of the date of the first mailing of the Joint Proxy Statement, to the effect that, as of the date of such opinion, the Exchange Ratio is fair from a financial point of view to Bell Atlantic and, accordingly, to the holders of Bell Atlantic Common Stock;

(iv) NYNEX shall have received a letter of Coopers & Lybrand L.L.P., dated a date within two business days prior to the date of the first mailing of the Joint Proxy Statement and addressed to NYNEX, in form and substance reasonably satisfactory to NYNEX and customary in scope and substance for "cold comfort" letters delivered by independent public accountants in connection with registration statements on Form S-4 with respect to the financial statements of Bell Atlantic included in the Joint Proxy Statement and the Registration Statement; and

(v) Bell Atlantic shall have received a letter of Coopers & Lybrand L.L.P., dated a date within two business days prior to the date of the first mailing of the Joint Proxy Statement and addressed to Bell Atlantic, in form and substance reasonably satisfactory to Bell Atlantic and customary in scope and substance for "cold comfort" letters delivered by independent public accountants in connection with registration statements on Form S-4 with respect to the financial statements of NYNEX included in the Joint Proxy Statement and the Registration Statement.

(b) The Parties will cooperate in the preparation of the Joint Proxy Statement and the Registration Statement and in having the Registration Statement declared effective as soon as practicable.

SECTION 7.2 - NYNEX and Bell Atlantic Stockholders' Meetings and Consummation of the Merger. (a) At the earliest reasonably practicable time following the execution and delivery of this Agreement, each of NYNEX and Bell Atlantic shall promptly take all action necessary in accordance with Delaware Law and its Certificate of Incorporation and Bylaws to convene a Stockholders' Meeting. The stockholder vote or consent required for approval of the Merger Agreement, and, in the case of Bell Atlantic, the issuance of Bell Atlantic Common Stock pursuant to the Merger Agreement and the Certificate Amendment, will be no greater than that contemplated by Sections 4.14(b) and 5.14(b) hereof; provided however that Bell Atlantic may submit to its shareholders a single proposal encompassing approval of the Merger Agreement, the issuance of Bell Atlantic Common Stock pursuant to

the Merger Agreement and the Certificate Amendment, which proposal shall be approved if it receives the affirmative vote of a majority of the votes entitled to be cast by all holders of Bell Atlantic Common Stock. Each of NYNEX and Bell Atlantic shall use all commercially reasonable efforts to solicit from its respective stockholders proxies to be voted at its Stockholders Meeting in favor of this Agreement pursuant to the Joint Proxy Statement and, subject to the fiduciary duties of its Board of Directors, each of NYNEX and Bell Atlantic shall include in the Joint Proxy Statement the recommendation of its Board of Directors in favor of this Agreement and the Merger and, in the case of Bell Atlantic, the Certificate Amendment. Each of the Parties shall take all other action necessary or, in the opinion of the other Parties, advisable to promptly and expeditiously secure any vote or consent of stockholders required by Delaware Law, the applicable requirements of any securities exchange, and such Party's Certificate of Incorporation and Bylaws to effect the Merger and, in the case of Bell Atlantic, the Certificate Amendment and the Bylaws Amendment.

(b) Upon the terms and subject to the conditions hereof and as soon as practicable after the conditions set forth in Article VIII hereof have been fulfilled or waived, each of the Parties shall execute in the manner required by Delaware Law and deliver to and file with the Secretary of State of the State of Delaware such instruments and agreements as may be required by Delaware Law and the Parties shall take all such other and further actions as may be required by law to make the Merger effective, and Bell Atlantic shall take all such other and further actions as may be required by law to make the Certificate Amendment and the Bylaws Amendment effective. Prior to the filings referred to in this Section 7.2(b), a closing (the "Closing") will be held at the offices of NYNEX (or such other place as the Parties may agree) for the purpose of confirming all the foregoing. The Closing will take place upon the fulfillment or waiver of all of the conditions to closing set forth in Article VIII of this Agreement, or as soon thereafter as practicable (the date of the Closing being herein referred to as the "Closing Date").

SECTION 7.3 - Additional Agreements. (a) Each of the Parties will comply in all material respects with all applicable laws and with all applicable rules and regulations of any governmental authority in connection with its execution, delivery and performance of this Agreement and the transactions contemplated hereby. Each of the Parties agrees to use all commercially reasonable efforts to obtain in a timely manner all necessary waivers, consents and approvals and to effect all necessary registrations and filings, and to use all commercially reasonable efforts to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, each of NYNEX and Bell Atlantic shall promptly prepare and file a Premerger Notification in accordance with the HSR Act, shall promptly comply with any requests for additional information, and shall use its commercially reasonable efforts to obtain termination of the waiting period thereunder as promptly as practicable.

(b) The Parties agree that NYNEX shall pay on behalf of those persons who are NYNEX stockholders immediately prior to the Effective Time any New York State and New York City real estate transfer taxes and New York State real property transfer gains tax payable in connection with the Merger.

SECTION 7.4 - Notification of Certain Matters. Each of NYNEX and Bell Atlantic shall give prompt notice to the other of the following:

(a) the occurrence or nonoccurrence of any event whose occurrence or nonoccurrence would be likely to cause either (i) any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date hereof to the Effective Time, or (ii) directly or indirectly, any Material Adverse Effect on such Party;

(b) any material failure of such Party, or any officer, director, employee or agent of any thereof, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; and

(c) any facts relating to such Party which would make it necessary or advisable to amend Joint Proxy Statement or the Registration Statement in order to make the statements therein not misleading or to comply with applicable law; provided, however, that the delivery of any notice pursuant to this Section 7.4 shall not limit or otherwise affect the remedies available hereunder to the Party receiving such notice.

SECTION 7.5 - Access to Information. (a) From the date hereof to the Effective Time, each of NYNEX and Bell Atlantic shall, and shall cause its respective Subsidiaries, and its and their officers, directors, employees, auditors, counsel and agents to afford the officers, employees, auditors, counsel and agents of the other Party complete access at all reasonable times to such Party's and its Subsidiaries' officers, employees, auditors, counsel agents, properties, offices and other facilities and to all of their respective books and records, and shall furnish the other with all financial, operating and other data and information as such other Party may reasonably request.

(b) Each of NYNEX and Bell Atlantic agrees that all information so received from the other Party shall be deemed received pursuant to the confidentiality agreement, dated as of June 14, 1996 between NYNEX and Bell Atlantic (the "Confidentiality Agreement") and such Party shall, and shall cause its Subsidiaries and each of its and their respective officers, directors, employees, financial advisors and agents ("Party Representatives"), to comply with the provisions of the Confidentiality Agreement with respect to such information and the provisions of the Confidentiality Agreement are hereby incorporated herein by reference with the same effect as if fully set forth herein.

SECTION 7.6 - Public Announcements. NYNEX and Bell Atlantic shall use all reasonable efforts to develop a joint communications plan and each Party shall use all reasonable efforts to ensure that all press releases and other public statements with respect to the transactions contemplated hereby shall be consistent with such joint communications plan or, to the extent inconsistent therewith, shall have received the prior written approval of the other

SECTION 7.7 - Cooperation. (a) Upon the terms and subject to the conditions hereof, each of the Parties agrees to use its commercially reasonable efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable to

consummate the transactions contemplated by this Agreement and shall use its commercially reasonable efforts to obtain all necessary waivers, consents and approvals, and to effect all necessary filings under the 1933 Act, the Exchange Act and the HSR Act. The Parties shall cooperate in responding to inquiries from, and making presentations to, regulatory authorities

(b) Each of NYNEX and Bell Atlantic agree to use its commercially reasonable efforts to comply promptly with all requirements of the New Jersey and Connecticut Property Transfer Statutes, to the extent applicable to the transactions contemplated hereby, and to take all actions necessary to cause the transactions contemplated hereby to be effected in compliance with the New Jersey and Connecticut Property Transfer Statutes. NYNEX and Bell Atlantic agree that they will consult with each other to determine what, if any, actions must be taken prior to or after the Effective Time to ensure compliance with such statutes. Each of NYNEX and Bell Atlantic agrees to provide the other with any documents to be submitted to the relevant state agencies prior to submission and agrees not to take any action to comply with the New Jersey and Connecticut Property Transfer Statutes without the other's prior consent, which consent shall not be unreasonably withheld. Each Party shall bear its respective costs and expenses incurred in connection with compliance with the New Jersey and Connecticut Property Transfer Statutes. For purposes of this section, the New Jersey and Connecticut Property Transfer Statutes means the New Jersey Industrial Site Recovery Act, 1993 N.J. Laws 139, and the Connecticut Transfer Act, Conn. Gen. Stat. Ann. § 22a-134(b).

SECTION 7.8 - Indemnification, Directors' and Officers' Insurance. For a period of six years after the Effective Time, (a) Bell Atlantic shall cause NYNEX to maintain in effect the current provisions regarding indemnification of officers and directors contained in the charter and bylaws of NYNEX and each of its Subsidiaries and any directors, officers or employees indemnification agreements of NYNEX and its respective Subsidiaries, (b) Bell Atlantic shall cause NYNEX to, and Bell Atlantic shall, maintain in effect the current policies of directors and officers' liability insurance and fiduciary liability insurance maintained by NYNEX and Bell Atlantic, respectively, (provided that Bell Atlantic may substitute therefor policies of at least the same coverage and amounts containing terms and conditions which are, in the aggregate, no less advantageous to the insured in any material respect) with respect to claims arising from facts or events which occurred on or before the Effective Time, and (c) Bell Atlantic shall cause NYNEX to, and Bell Atlantic shall, indemnify the directors and officers of NYNEX and Bell Atlantic, respectively, to the fullest extent to which NYNEX and Bell Atlantic are permitted to indemnify such officers and directors under their respective charters and bylaws and applicable law. Bell Atlantic hereby unconditionally and irrevocably guarantees for the benefit of such directors, officers and employees the obligations of NYNEX under the foregoing indemnification arrangements.

SECTION 7.9 - Employee Benefit Plans. (a) Except as otherwise provided herein or set forth on Schedule 6.2, NYNEX and Bell Atlantic agree that, unless otherwise mutually determined, the NYNEX Benefit Plans and the Bell Atlantic Benefit Plans in effect at the date hereof shall remain in effect after the Effective Time with respect to classes of employees covered by such plans immediately prior to the Effective Time.

(b) Except as otherwise set forth on Schedule 6.2, in the case of the NYNEX Benefit Plans under which the employees' interests are based upon NYNEX Common Stock, the respective market prices thereof (but which interests do not constitute stock options), NYNEX and Bell Atlantic agree that such interests shall, from and after the Effective Time, be based on Bell Atlantic Common Stock in accordance with the Exchange Ratio.

(c) With respect to all NYNEX Benefit Plans which have entitlement or vesting terms that are based upon the market price or value per share of NYNEX Common Stock, NYNEX and Bell Atlantic agree that from and after the Effective Time, such market price or value per share shall be adjusted by multiplying it by the inverse of the Exchange Ratio.

(d) With respect to any NYNEX Benefit Plans maintained or contributed to outside the United States for the benefit of non-United States citizens or residents, the principles set forth in this Section 7.9 and on Schedule 6.2 shall apply to the extent the application of such principles does not violate applicable foreign law.

(e) Without limiting the applicability of Sections 2.8 and 2.9 hereof, each of the Parties shall take all actions as are necessary to ensure that NYNEX will not at the Effective Time be bound by any options, SARs, warrants or other rights or agreements which would entitle any person, other than Bell Atlantic, to own any capital stock of the Surviving Corporation or to receive any payment in respect thereof, and all NYNEX Benefit Plans conferring any rights with respect to NYNEX Common Stock or other capital stock of NYNEX shall be deemed hereby to be amended to be in conformity with this Section 7.9.

SECTION 7.10 - Employment Arrangements. (a) At the Effective Time, pursuant to the terms of the employment contracts referred to in Section 7.10(b) hereof and subject to Section 5.11 of the Bylaws of Bell Atlantic reflecting the Bylaws Amendment (the "Amended Bylaws") (i) Raymond W. Smith shall hold the position of Chairman and Chief Executive Officer of Bell Atlantic, and (ii) Ivan G. Seidenberg shall hold the position of Vice Chairman, President and Chief Operating Officer of Bell Atlantic. Pursuant to the terms of the employment contracts referred to in Section 7.10(b) hereof and subject to Section 5.11 of the Amended Bylaws, Ivan G. Seidenberg shall succeed Raymond W. Smith in the positions of Chief Executive Officer and Chairman. If either of such persons is unable or unwilling to hold such offices as set forth above, his successor shall be selected by the Board of Directors of Bell Atlantic in accordance with the Amended Bylaws. The authority, duties and responsibilities of the Chairman, the Vice Chairman, the Chief Executive Officer, the President and the Chief Operating Officer shall be set forth in the employment contracts entered into pursuant to Section 7.10(b) hereof, which employment contracts shall also set forth in their entirety the rights and remedies of Raymond W. Smith and Ivan G. Seidenberg with respect to employment by Bell Atlantic. Neither Raymond W. Smith nor Ivan G. Seidenberg shall have any right, remedy or cause of action under this Section 7.10, nor shall they be third party beneficiaries of this Section 7.10.

(b) At the Closing, Bell Atlantic shall enter into employment agreements with Messrs. Raymond W. Smith and Ivan G. Seidenberg in substantially the forms previously agreed to by NYNEX and Bell Atlantic.

SECTION 7.11 - Stock Exchange Listing. Each of the Parties shall use its best efforts to obtain, prior to the Effective Time, the approval for listing on the NYSE, effective upon official notice of issuance, of the shares of Bell Atlantic Common Stock into which the NYNEX Shares will be converted pursuant to Article II hereof and which will be issuable upon exercise of options pursuant to Section 2.8 hereof.

SECTION 7.12 - Post-Merger Bell Atlantic Board of Directors. At the Effective Time, the total number of persons serving on the Board of Directors of Bell Atlantic shall be twenty-two (unless otherwise agreed in writing by NYNEX and Bell Atlantic prior to the Effective Time), half of whom shall be NYNEX Directors and half of whom shall be Bell Atlantic Directors (as such terms are defined below). No more than six of the twenty-two initial Directors of Bell Atlantic shall be employees of NYNEX or Bell Atlantic; half of the employee directors shall be NYNEX Directors and half shall be Bell Atlantic Directors (as such terms are defined below). The persons to serve initially on the Board of Directors of Bell Atlantic at the Effective Time who are NYNEX Directors shall be selected solely by and at the absolute discretion of the Board of Directors of NYNEX prior to the Effective Time; and the persons to serve on the Board of Directors of Bell Atlantic at the Effective Time who are Bell Atlantic Directors shall be selected solely by and at the absolute discretion of the Board of Directors of Bell Atlantic prior to the Effective Time. In the event that, prior to the Effective Time, any person so selected to serve on the Board of Directors of Bell Atlantic after the Effective Time is unable or unwilling to serve in such position, the Board of Directors which selected such person shall designate another of its members to serve in such person's stead in accordance with the provisions of the immediately preceding sentence. From and after the Effective Time and until Raymond W. Smith ceases to be the Chairman of Bell Atlantic, the Board of Directors of Bell Atlantic and each Committee of the Board of Directors of Bell Atlantic as constituted following each election of Directors shall consist of an equal number of NYNEX Directors and Bell Atlantic Directors. If, at any time during the period referred to in the immediately preceding sentence, the number of NYNEX Directors and Bell Atlantic Directors serving, or that would be serving following the next stockholders' meeting at which Directors are to be elected, as Directors of Bell Atlantic or as members of any Committee of the Board of Directors of Bell Atlantic, would not be equal, then, subject to the fiduciary duties of the Directors of Bell Atlantic, the Board of Directors and the Nominating Committee thereof shall nominate for election at the next stockholders' meeting at which Directors are to be elected, such person or persons as may be requested by the remaining NYNEX Directors (if the number of NYNEX Directors is, or would otherwise become, less than the number of Bell Atlantic Directors) or by the remaining Bell Atlantic Directors (if the number of Bell Atlantic Directors is, or would otherwise become, less than the number of NYNEX Directors) to ensure that there shall be an equal number of NYNEX Directors and Bell Atlantic Directors. The provisions of the preceding sentence shall not apply in respect of any stockholders' meeting which takes place after the date on which Raymond W. Smith ceases to be Chairman of Bell Atlantic, and prior to such date, vacancies in the Board of Directors of Bell Atlantic shall be filled only by vote of the stockholders. The term "NYNEX Director" means (i) any person serving as a Director of NYNEX or of a NYNEX telephone company on the date hereof who becomes a Director of Bell Atlantic at the Effective Time and (ii) any person who becomes a Director of Bell Atlantic pursuant to the second preceding sentence and who is designated by the NYNEX Directors; and the term "Bell Atlantic Director" means (i) any person serving as a Director of Bell Atlantic on the

date hereof who continues as a Director of Bell Atlantic at the Effective Time and (ii) any person who becomes a Director of Bell Atlantic pursuant to the second preceding sentence and who is designated by the Bell Atlantic Directors.

Each of NYNEX and Bell Atlantic shall take such action as shall reasonably be deemed by either thereof to be advisable to give effect to the provisions set forth in this section, including but not limited to incorporating such provisions in the Bylaws of Bell Atlantic in effect at the Effective Time.

SECTION 7.13 - No Shelf Registration. Bell Atlantic shall not be required to amend or maintain the effectiveness of the Registration Statement for the purpose of permitting resale of the shares of Bell Atlantic Common Stock received pursuant hereto by the persons who may be deemed to be "affiliates" of NYNEX or Bell Atlantic within the meaning of Rule 145 promulgated under the 1933 Act. The shares of Bell Atlantic Common Stock issuable upon exercise of options pursuant to Section 2.8 hereof shall be registered under the 1933 Act and such registration shall be effective at the time of issuance.

SECTION 7.14 - Affiliates. (a) Each of NYNEX and Bell Atlantic (i) has disclosed to the other on Schedule 7.14 hereof all persons who are, or may be, as of the date hereof its "affiliates" for purposes of Rule 145 under the Securities Act or SEC Accounting Series Release 135, and (ii) shall use all reasonable efforts to cause each person who is identified as an "affiliate" of it on Schedule 7.14 to deliver to the other as promptly as practicable but in no event later than the Closing Date, a signed agreement substantially in the form previously agreed to by NYNEX and Bell Atlantic. NYNEX and Bell Atlantic shall notify each other from time to time of any other persons who then are, or may be, such an "affiliate" and use all reasonable efforts to cause each additional person who is identified as an "affiliate" to execute a signed agreement as set forth in this Section 7.14(a).

(b) If the transactions contemplated by this Agreement would otherwise qualify for pooling of interests accounting treatment, shares of NYNEX Common Stock and shares of Bell Atlantic Common Stock held by such "affiliates" of NYNEX or Bell Atlantic, as the case may be, shall not be transferable during the 30 day period prior to the Effective Time, and shares of Bell Atlantic Common Stock issued to, or as of the Effective Time held by, such "affiliates" of NYNEX and Bell Atlantic shall not be transferable until such time as financial results covering at least 30 days of combined operations of NYNEX and Bell Atlantic have been published within the meaning of Section 201.01 of the SEC's Codification of Financial Reporting Policies, regardless of whether each such "affiliate" has provided the signed agreement referred to in Section 7.14(a), except to the extent permitted by, and in accordance with, SEC Accounting Series Release 135 and SEC Staff Accounting Bulletins 65 and 76. Any Bell Atlantic Common Stock held by any such "affiliate" shall not be transferable, regardless of whether such "affiliate" has provided the applicable signed agreement referred to in Section 7.14(a), if such transfer, either alone or in the aggregate with other transfers by "affiliates", would preclude the ability of the Parties to account for the transactions contemplated by this Agreement as a pooling of interests. Bell Atlantic shall not register the transfer of any shares of Bell Atlantic Common Stock unless such transfer is made in compliance with the foregoing.

SECTION 7.15 - Blue Sky. NYNEX and Bell Atlantic will use their best efforts to obtain prior to the Effective Time all necessary blue sky permits and approvals required to permit the distribution of the shares of Bell Atlantic Common Stock to be issued in accordance with the provisions of this Agreement.

SECTION 7.16 - Pooling of Interests. Each of the Parties will use its best efforts to cause the transactions contemplated by this Agreement to be accounted for as a pooling of interests in accordance with GAAP, and such accounting treatment to be accepted by Bell Atlantic's independent certified public accountants, by the NYSE and by the SEC, respectively, and each of the Parties agrees that it will take no action that would cause such accounting treatment not to be obtained.

SECTION 7.17 - Tax-Free Reorganization. Each of the Parties will use its best efforts to cause the Merger to qualify as a tax-free reorganization under Section 368 of the Code.

ARTICLE VIII - CONDITIONS TO MERGER

SECTION 8.1 - Conditions to Obligations of Each Party to Effect the Merger. The respective obligations of each Party to effect the Merger shall be subject to the following conditions:

(a) Stockholder Approval. The Merger and this Agreement shall have been approved and adopted by the requisite vote of the stockholders of each of NYNEX and Bell Atlantic and the Certificate Amendment and the issuance of Bell Atlantic Common Stock pursuant to the Merger shall have been approved by the requisite vote of the stockholders of Bell Atlantic, in each case in accordance with Delaware Law and the rules of the NYSE, as applicable.

(b) Legality. No federal, state or foreign statute, rule, regulation, executive order, decree or injunction shall have been enacted, entered, promulgated or enforced by any court or governmental authority which is in effect and has the effect of (i) making the Merger illegal or otherwise prohibiting the consummation of the Merger or (ii) creating a Material Adverse Effect on NYNEX or Bell Atlantic, with or without including its ownership of NYNEX and its Subsidiaries after the Merger;

(c) HSR Act. Any waiting period applicable to the consummation of the Merger under the HSR Act shall have expired or been terminated;

(d) Regulatory Matters. All authorizations, consents, orders or approvals of, or declarations or filings with, and all expirations of waiting periods imposed by, any governmental body, agency or official (all of the foregoing, "Consents") which are necessary for the consummation of the transactions contemplated hereby, other than immaterial Consents the failure to obtain which would have no material adverse effect on the consummation of the transactions contemplated hereby and no Material Adverse Effect on Bell Atlantic, with or without including its ownership of NYNEX and its Subsidiaries after the Merger, or NYNEX.

shall have been filed, have occurred or have been obtained (all such permits, approvals, filings and consents and the lapse of all such waiting periods being referred to as the "Requisite Regulatory Approvals") and all such Requisite Regulatory Approvals shall be in full force and effect, provided, however, that a Requisite Regulatory Approval shall not be deemed to have been obtained if in connection with the grant thereof there shall have been an imposition by any state or federal governmental body, agency or official of any condition, requirement, restriction or change of regulation, or any other action directly or indirectly related to such grant taken by such governmental body, which would reasonably be expected to either (i) have a Material Adverse Effect on any of (A) NYNEX, (B) Bell Atlantic (either with or without including its ownership of NYNEX and its Subsidiaries after the Merger), (C) New York Telephone Company, (D) New England Telephone and Telegraph Company, (E) Bell Atlantic - Pennsylvania, Inc., Bell Atlantic - Delaware, Inc. or Bell Atlantic - New Jersey, Inc., considered in the aggregate ("Bell Atlantic North"), or (F) Bell Atlantic - Maryland, Inc., Bell Atlantic - Washington, D.C., Inc., Bell Atlantic - Virginia, Inc. or Bell Atlantic - West Virginia, Inc., considered in the aggregate ("Bell Atlantic South"), or (ii) prevent the Parties from realizing in all material respects the economic benefits of the transactions contemplated by this Agreement that such Parties currently anticipate receiving therefrom;

(e) Registration Statement Effective. The Registration Statement shall have become effective prior to the mailing by each of NYNEX and Bell Atlantic of the Joint Proxy Statement to its respective stockholders, no stop order suspending the effectiveness of the Registration Statement shall then be in effect, and no proceedings for that purpose shall then be threatened by the SEC or shall have been initiated by the SEC and not concluded or withdrawn;

(f) Blue Sky. All state securities or blue sky permits or approvals required to carry out the transactions contemplated hereby shall have been received;

(g) Stock Exchange Listing. The shares of Bell Atlantic Common Stock into which the NYNEX Shares will be converted pursuant to Article II hereof and the shares of Bell Atlantic Common Stock issuable upon the exercise of options pursuant to Section 2.8 hereof shall have been duly approved for listing on the NYSE, subject to official notice of issuance.

(h) Pooling. Each of NYNEX and Bell Atlantic shall have received a letter from Coopers & Lybrand L.L.P., dated as of the Closing Date, to the effect that the transactions contemplated hereby will qualify for pooling of interests accounting treatment;

(i) Consents Under NYNEX Agreements. NYNEX shall have obtained the consent or approval of any person whose consent or approval shall be required under any agreement or instrument in order to permit the consummation of the transactions contemplated hereby except those which the failure to obtain would not, individually or in the aggregate, have a Material Adverse Effect on Bell Atlantic, with or without including its ownership of NYNEX and its Subsidiaries after the Merger, or NYNEX; and

(j) Consents Under Bell Atlantic Agreements. Bell Atlantic shall have obtained the consent or approval of any person whose consent or approval shall be required

under any agreement or instrument in order to permit the consummation of the transactions contemplated hereby except those which the failure to obtain would not, individually or in the aggregate, have a Material Adverse Effect on Bell Atlantic, with or without including its ownership of NYNEX and its Subsidiaries after the Merger, or NYNEX.

SECTION 8.2 - Additional Conditions to Obligations of NYNEX. The obligations of NYNEX to effect the Merger are also subject to the fulfillment of the following conditions:

(a) Representations and Warranties. The representations and warranties of Bell Atlantic contained in this Agreement shall be true and correct on the date hereof and (except to the extent such representations and warranties speak as of a date earlier than the date hereof) shall also be true and correct on and as of the Closing Date, except for changes permitted under Section 6.2 hereof or otherwise contemplated by this Agreement, with the same force and effect as if made on and as of the Closing Date, provided, however, that for purposes of this Section 8.2(a) only, such representations and warranties shall be deemed to be true and correct unless the failure or failures of such representations and warranties to be so true and correct (without regard to materiality qualifiers contained therein), individually or in the aggregate, results or would reasonably be expected to result in a Material Adverse Effect on Bell Atlantic, either with or without including its ownership of NYNEX and its Subsidiaries after the Merger;

(b) Agreements, Conditions and Covenants. Bell Atlantic shall have performed or complied in all material respects with all agreements, conditions and covenants required by this Agreement to be performed or complied with by them on or before the Effective Time;

(c) Certificates. NYNEX shall have received a certificate of an executive officer of Bell Atlantic to the effect set forth in paragraphs (a) and (b) above;

(d) Bell Atlantic Rights Agreement. The rights issued pursuant to the Bell Atlantic Rights Agreement shall have been redeemed and no new shareholder rights plan shall have been adopted by Bell Atlantic;

(e) Tax Opinion. (i) NYNEX shall have received an opinion of Weil, Gotshal & Manges LLP, special counsel to NYNEX, dated as of the Closing Date, in form and substance reasonably satisfactory to NYNEX, substantially to the effect that, on the basis of the facts, representations and assumptions set forth in such opinion, the Merger, including the Certificate Amendment, constitutes a tax-free reorganization under Section 368 of the Code and therefore: (A) no gain or loss will be recognized for federal income tax purposes by Bell Atlantic, NYNEX or the Merger Subsidiary as a result of the formation of the Merger Subsidiary and the Merger, including the Certificate Amendment; and (B) no gain or loss will be recognized for federal income tax purposes by the stockholders of NYNEX upon their exchange of NYNEX Common Stock solely for Bell Atlantic Common Stock pursuant to the Merger (except with respect to cash received in lieu of a fractional share interest in Bell Atlantic Common Stock or the payment of any real property transfer or gains taxes on behalf of the stockholders of NYNEX). In rendering such opinion, Weil, Gotshal and Manges LLP

may require and rely upon representations and covenants including those contained in certificates of officers of NYNEX and Bell Atlantic and others; and

(ii) Bell Atlantic shall have received the opinion described in Section 8.3(e)(i) hereof, in form and substance reasonably satisfactory to NYNEX.

(f) Affiliate Agreements. NYNEX shall have received the agreements required by Section 7.14 hereof to be delivered by the Bell Atlantic "affiliates," duly executed by each "affiliate" of Bell Atlantic.

(g) Certificate Amendment, Bylaws Amendment, Board of Directors. Bell Atlantic shall have taken all such actions as shall be necessary so that (i) the Certificate Amendment and the Bylaws Amendment shall become effective not later than the Effective Time; and (ii) at the Effective Time, the composition of Bell Atlantic's Board shall comply with Section 7.12 hereof (assuming NYNEX has designated the NYNEX Directors as contemplated by Section 7.12 hereof).

SECTION 8.3 - Additional Conditions to Obligations of Bell Atlantic. The obligations of Bell Atlantic to effect the Merger are also subject to the fulfillment of the following conditions:

(a) Representations and Warranties. The representations and warranties of NYNEX contained in this Agreement shall be true and correct on the date hereof and (except to the extent such representations and warranties speak as of a date earlier than the date hereof) shall also be true and correct on and as of the Closing Date, except for changes permitted under Section 6.2 hereof or otherwise contemplated by this Agreement, with the same force and effect as if made on and as of the Closing Date, provided, however, that for purposes of this Section 8.3(a) only, such representations and warranties shall be deemed to be true and correct unless the failure or failures of such representations and warranties to be so true and correct (without regard to materiality qualifiers contained therein), individually or in the aggregate, results or would reasonably be expected to result in a Material Adverse Effect on NYNEX or Bell Atlantic (only after including its ownership of NYNEX and its Subsidiaries after the Merger);

(b) Agreements, Conditions and Covenants. NYNEX shall have performed or complied in all material respects with all agreements, conditions and covenants required by this Agreement to be performed or complied with by them on or before the Effective Time;

(c) Certificates. Bell Atlantic shall have received a certificate of an executive officer of NYNEX to the effect set forth in paragraphs (a) and (b) above;

(d) NYNEX Rights Agreement. The rights issued pursuant to the NYNEX Rights Agreement shall not have become non-redeemable, exercisable, distributed or triggered pursuant to the terms of such agreement and would not become so upon consummation of the transactions contemplated hereby;

(e) Tax Opinion. (i) Bell Atlantic shall have received an opinion of Morgan, Lewis & Bockius LLP, special counsel to Bell Atlantic, dated as of the Effective Time, in form and substance reasonably satisfactory to Bell Atlantic, substantially to the effect that, on the basis of the facts, representations and assumptions set forth in such opinion, the Merger, including the Certificate Amendment, constitutes a tax-free reorganization under Section 368 of the Code and therefore: (A) no gain or loss will be recognized for federal income tax purposes by Bell Atlantic, NYNEX or the Merger Subsidiary as a result of the formation of the Merger Subsidiary and the Merger, including the Certificate Amendment; and (B) no gain or loss will be recognized for federal income tax purposes by the stockholders of Bell Atlantic as a result of the Merger, including the Certificate Amendment. In rendering such opinion, Morgan, Lewis & Bockius LLP may require and rely upon representations and covenants including those contained in certificates of officers of Bell Atlantic and NYNEX and others; and

(ii) NYNEX shall have received the opinion described in Section 8.2(e)(i) hereof, in form and substance reasonably satisfactory to Bell Atlantic.

(f) Affiliate Agreements. Bell Atlantic shall have received the agreements required by Section 7.14 hereof to be delivered by the NYNEX "affiliates," duly executed by each "affiliate" of NYNEX.

ARTICLE IX - TERMINATION, AMENDMENT AND WAIVER

SECTION 9.1 - Termination. This Agreement may be terminated at any time before the Effective Time, in each case as authorized by the respective Board of Directors of NYNEX or Bell Atlantic:

(a) By mutual written consent of each of NYNEX and Bell Atlantic;

(b) By either NYNEX or Bell Atlantic if the Merger shall not have been consummated on or before April 21, 1997 (the "Termination Date"); provided, however, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to any Party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or before the Termination Date; and provided, further, that if on the Termination Date the conditions to the Closing set forth in Sections 8.1(c) or (d) shall not have been fulfilled, but all other conditions to the Closing shall be fulfilled or shall be capable of being fulfilled, then the Termination Date shall be extended to September 30, 1997. The Parties agree that any amendment of this Agreement to extend the Termination Date beyond September 30, 1997 shall be made without any amendment to or renegotiation of any other material provisions of this Agreement;

(c) By either NYNEX or Bell Atlantic if a court of competent jurisdiction or governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action (which order, decree or ruling the Parties shall use their commercially reasonable efforts to lift), in each case permanently restraining, enjoining

or otherwise prohibiting the transactions contemplated by this Agreement, and such order, decree, ruling or other action shall have become final and nonappealable;

(d) By either NYNEX or Bell Atlantic if the other shall have breached, or failed to comply with, in any material respect any of its obligations under this Agreement or any representation or warranty made by such other Party shall have been incorrect in any material respect when made or shall have since ceased to be true and correct in any material respect, and such breach, failure or misrepresentation is not cured within 30 days after notice thereof and such breaches, failures or misrepresentations, individually or in the aggregate and without regard to materiality qualifiers contained therein, results or would reasonably be expected to result in a Material Adverse Effect on NYNEX or Bell Atlantic, with or without including its ownership of NYNEX and its Subsidiaries after the Merger;

(e) By either NYNEX or Bell Atlantic upon the occurrence of (i) a Material Adverse Effect or an event which could reasonably be expected to result in a Material Adverse Effect on Bell Atlantic (either with or without including its ownership of NYNEX and its Subsidiaries after the Merger), Bell Atlantic North, Bell Atlantic South, NYNEX, New England Telephone and Telegraph Company or New York Telephone Company under Section 8.1(d) hereof arising from an action by a state or federal governmental body, agency or official which has become final and nonappealable, or (ii) any other Material Adverse Effect, or an event which could reasonably be expected to result in a Material Adverse Effect on the other (which in the case of Bell Atlantic shall not include its ownership of NYNEX and its Subsidiaries after the Merger), or, after the Effective Time, Bell Atlantic, including its ownership of NYNEX and its Subsidiaries;

(f) By either NYNEX or Bell Atlantic if the Board of Directors of the other or any committee of the Board of Directors of the other (i) shall withdraw or modify in any adverse manner its approval or recommendation of this Agreement or the Merger or, in the case of the Board of Directors or any committee of the Board of Directors of Bell Atlantic, the Certificate Amendment or the issuance of Bell Atlantic Common Stock pursuant to the Merger Agreement, (ii) shall fail to reaffirm such approval or recommendation upon such Party's request, (iii) shall approve or recommend any acquisition of the other or a material portion of its assets or any tender offer for shares of its capital stock, in each case, other than by a Party or an affiliate thereof, or (iv) shall resolve to take any of the actions specified in clause (i) above;

(g) By either NYNEX or Bell Atlantic if any of the required approvals of the stockholders of NYNEX or of Bell Atlantic shall fail to have been obtained at a duly held stockholders meeting of either of such companies, including any adjournments thereof; or

(h) By either NYNEX or Bell Atlantic, prior to the approval of this Agreement by the stockholders of such Party, upon five days' prior notice to the other, if, as a result of an Acquisition Proposal (as defined in Section 6.3 hereof) received by such Party from a person other than a Party to this Agreement or any of its affiliates, the Board of Directors of such Party determines in good faith that their fiduciary obligations under applicable law require that such Acquisition Proposal be accepted; provided, however, that (i) the Board of Directors of such Party shall have concluded in good faith, after considering applicable

provisions of state law and after giving effect to all concessions which may be offered by the other Party pursuant to clause (ii) below, on the basis of oral or written advice of outside counsel, that such action is necessary for the Board of Directors to act in a manner consistent with its fiduciary duties under applicable law and (ii) prior to any such termination, such Party shall, and shall cause its respective financial and legal advisors to, negotiate with the other Party to this Agreement to make such adjustments in the terms and conditions of this Agreement as would enable such Party to proceed with the transactions contemplated hereby;

provided, however, that no termination shall be effective pursuant to Sections 9.1(f), (g) or (h) under circumstances in which an Initial NYNEX Termination Fee or an Initial Bell Atlantic Termination Fee is payable by the terminating Party under Section 9.2(b) or (c), as the case may be, unless concurrently with such termination, such termination fee is paid in full by the terminating Party in accordance with the provisions of Sections 9.2(b) or (c), as the case may be.

SECTION 9.2 - Effect of Termination. (a) In the event of termination of this Agreement as provided in Section 9.1 hereof, and subject to the provisions of Section 10.1 hereof, this Agreement shall forthwith become void and there shall be no liability on the part of any of the Parties, except (i) as set forth in this Section 9.2 and in Sections 4.10, 4.16, 5.10, 5.16 and 10.3 hereof, and (ii) nothing herein shall relieve any Party from liability for any willful breach hereof.

(b) If (i) this Agreement (A) is terminated by Bell Atlantic pursuant to Section 9.1(f) hereof or by NYNEX or Bell Atlantic pursuant to Section 9.1(g) hereof because of the failure to obtain the required approval from the NYNEX stockholders or by NYNEX pursuant to Section 9.1(h) hereof, or (B) is terminated as a result of NYNEX's material breach of Section 7.2 hereof which is not cured within 30 days after notice thereof to NYNEX, and (ii) at the time of such termination or prior to the meeting of NYNEX's stockholders there shall have been an Acquisition Proposal (as defined in Section 6.3 hereof) involving NYNEX or any of its Significant Subsidiaries (whether or not such offer shall have been rejected or shall have been withdrawn prior to the time of such termination or of the meeting), NYNEX shall pay to Bell Atlantic a termination fee of $200 million (the "Initial NYNEX Termination Fee"). In addition, if, within one and one-half years of any such termination described in clause (i) of the immediately preceding sentence that gave rise to the obligation to pay the Initial NYNEX Termination Fee, NYNEX, or the Significant Subsidiary of NYNEX which was the subject of such Acquisition Proposal (the "NYNEX Target Party"), becomes a subsidiary (as defined below) of the person which made (or the affiliate of which made) an Acquisition Proposal described in clause (ii) of the immediately preceding sentence or of any Offering Person (as defined below) or accepts a written offer to consummate or consummates an Acquisition Proposal with such person or any Offering Person, then, upon the signing of a definitive agreement relating to any such Acquisition Proposal, or, if no such agreement is signed then at the closing (and as a condition to the closing) of such NYNEX Target Party becoming such a subsidiary or of any such Acquisition Proposal, NYNEX shall pay to Bell Atlantic an additional termination fee equal to $350 million.

(c) If (i) this Agreement (A) is terminated by NYNEX pursuant to Sections 9.1(f) hereof or NYNEX or Bell Atlantic pursuant to Section 9.1(g) hereof because

of the failure to obtain the required approval from the Bell Atlantic stockholders or by Bell Atlantic pursuant to Section 9.1(b) hereof, or (B) is terminated as a result of Bell Atlantic's material breach of Section 7.2 hereof which is not cured within 30 days after notice thereof to Bell Atlantic, and (ii) at the time of such termination or prior to the meeting of Bell Atlantic's stockholders there shall have been an Acquisition Proposal (as defined in Section 6.3 hereof) involving Bell Atlantic or any of its Significant Subsidiaries (whether or not such offer shall have been rejected or shall have been withdrawn prior to the time of such termination or of the meeting), Bell Atlantic shall pay to NYNEX a termination fee of $200 million (the "Initial Bell Atlantic Termination Fee"). In addition, if, within one and one-half years of any such termination described in clause (i) of the immediately preceding sentence that gave rise to the obligation to pay the Initial Bell Atlantic Termination Fee, Bell Atlantic, or the Significant Subsidiary of Bell Atlantic which was the subject of such Acquisition Proposal (the "Bell Atlantic Target Party"), becomes a subsidiary of the person which made (or the affiliate of which made) an Acquisition Proposal described in clause (ii) of the immediately preceding sentence or of any Offering Person or accepts a written offer to consummate or consummates an Acquisition Proposal with such person or any Offering Person, then, upon the signing of a definitive agreement relating to any such Acquisition Proposal, or, if no such agreement is signed then at the closing (and as a condition to the closing) of such Bell Atlantic Target Party becoming such a subsidiary or of any such Acquisition Proposal, Bell Atlantic shall pay to NYNEX an additional termination fee equal to $350 million.

(d) Each termination fee payable under Sections 9.2(b) and (c) above shall be payable in cash. For purposes of this Section 9.2, an "Offering Person" shall be any offeror who makes an Acquisition Proposal to NYNEX, the NYNEX Target Party or their respective Representatives, or Bell Atlantic, the Bell Atlantic Target Party or their respective Representatives, as the case may be, before or within one hundred twenty days after any termination described in Section 9.2(b)(i) or 9.2(c)(i) and "subsidiary" shall mean with respect to any person, any corporation or other legal entity of which such person owns, directly or indirectly, more than 50% of the stock or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation or other legal entity.

(e) NYNEX and Bell Atlantic agree that the agreements contained in Sections 9.2(b) and (c) above are an integral part of the transactions contemplated by this Agreement and constitute liquidated damages and not a penalty. If one Party fails to promptly pay to the other any fee due under such Sections 9.2(b) and (c), the defaulting Party shall pay the costs and expenses (including legal fees and expenses) in connection with any action, including the filing of any lawsuit or other legal action, taken to collect payment, together with interest on the amount of any unpaid fee at the publicly announced prime rate of Citibank, N.A. from the date such fee was required to be paid.

SECTION 9.3 - Amendment. This Agreement may be amended by the Parties pursuant to a writing adopted by action taken by all of the Parties at any time before the Effective Time, provided, however, that, after approval of the Merger Agreement by the stockholders of NYNEX or Bell Atlantic, whichever shall occur first, no amendment may be made which would (a) alter or change the amount or kinds of consideration to be received by the holders of NYNEX Shares upon consummation of the Merger, (b) alter or change any

term of the Certificate of Incorporation of NYNEX or the Certificate of Incorporation of Bell Atlantic (except for the implementation at the Effective Time of the Certificate Amendments) or (c) alter or change any of the terms and conditions of this Agreement if such alteration or change would adversely affect the holders of any class or series of securities of NYNEX or Bell Atlantic. This Agreement may not be amended except by an instrument in writing signed by the Parties.

SECTION 9.4 - Waiver. At any time before the Effective Time, any Party may (a) extend the time for the performance of any of the obligations or other acts of the other Parties, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a Party to any such extension or waiver shall be valid only as against such Party and only if set forth in an instrument in writing signed by such Party.

ARTICLE X - GENERAL PROVISIONS

SECTION 10.1 - Non-Survival of Representations, Warranties and Agreements. The representations, warranties and agreements in this Agreement shall terminate at the Effective Time or upon the termination of this Agreement pursuant to Section 9.1 hereof, as the case may be, except that (a) the agreements set forth in Article I and Sections 2.4, 2.5, 2.6, 2.7, 7.8, 7.9 and 7.12 hereof shall survive the Effective Time indefinitely, (b) the agreements and representations set forth in Sections 4.10, 4.16, 5.10, 5.16, 7.5(b), 9.2 and 10.3 hereof shall survive termination indefinitely and (c) nothing contained herein shall limit any covenant or agreement of the Parties which by its terms contemplates performance after the Effective Time.

SECTION 10.2 - Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date of receipt and shall be delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested), sent by overnight courier or sent by telecopy, to the Parties at the following addresses or telecopy numbers (or at such other address or telecopy number for a Party as shall be specified by like notice):

(a) if to NYNEX:

NYNEX Corporation
1095 Avenue of the Americas
New York, New York 10036
Attention: Executive Vice President and
General Counsel
Telecopy No.: (212) 597-2560

with a copy to:

NYNEX Corporation
1095 Avenue of the Americas
New York, New York 10036
Attention: Vice President - Law
Telecopy No.: (212) 597-2558

and

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attention: Stephen E. Jacobs, Esq.
Telecopy No.: (212) 310-8007

(b) if to Bell Atlantic:

Bell Atlantic Corporation
1310 North Court House Road, 11th floor
Arlington, Virginia 22201
Attention: Vice President and General Counsel
Telecopy No.: (703) 974-1951

with a copy to:

Bell Atlantic Corporation
1717 Arch Street, 48th floor
Philadelphia, Pennsylvania 19103
Attention: Vice President Mergers and Acquisitions and Associate General Counsel
Telecopy No.: (215) 963-9195

and

Morgan, Lewis & Bockius LLP
2000 One Logan Square
Philadelphia, Pennsylvania 19103
Attention: N. Jeffrey Klauder, Esq.
Telecopy No.: (215) 963-5299

SECTION 10.3 - Expenses. Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses, except that those expenses incurred in connection with the printing of the Joint Proxy Statement and the Registration

Statement, as well as the filing fees related thereto and any filing fee required in connection with the filing of Premerger Notifications under the HSR Act, shall be shared equally by NYNEX and Bell Atlantic.

SECTION 10.4 - Certain Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "1933 Act" means the Securities Act of 1933, as the same may be amended from time to time, and "Exchange Act" means the Securities Exchange Act of 1934, as the same may be amended from time to time.

(b) "affiliate" of a person means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first mentioned person.

(c) "control" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of stock, as trustee or executor, by contract or credit arrangement or otherwise.

(d) "HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as the same may be amended from time to time.

(e) "knowledge" of any Party shall mean the actual knowledge of the executive officers of such Party.

(f) "Jointly Held Person" means each of Bell Communications Research, Inc., New York SMSA Limited Partnership, Cellco Partnership, Tomcom L.P., PCSCO Partnership, Tele-TV, Tele-TV Media Partners, L.P., Tele-TV Systems Partners, L.P., BANX Partnership, PCS Primeco, Bell Atlantic NYNEX Mobile, Inc., CAI Wireless Systems, Inc., and any other person in which each of NYNEX and Bell Atlantic individually hold, directly or indirectly, 5% or more of the stock of, or other equity interests in, such entity, and their respective subsidiaries (which term shall have the same meaning as is ascribed thereto in Section 9.2(d) hereof).

(g) "Mandalay Shares" means any shares of common stock of NYNEX sold or hereafter issuable pursuant to (i) the Amended and Restated Stock Purchase and Registration Agreement dated as of March 29, 1996 between NYNEX and Kipling Associates L.L.C., a Delaware limited liability company ("KALLC") (or the Original Agreement referred to therein), and (ii) the Amended and Restated Stock Purchase and Registration Agreement dated as of March 29, 1996 between NYNEX and Weatherly Holdings L.L.C., a Delaware limited liability company ("WHLLC") (or the Original Agreement referred to therein), including (without limitation) 14,065,013 shares of common stock of NYNEX registered in the name of Cede & Co as nominee for Depository Trust Company on behalf of State Street Bank and Trust Company, DTC Participant 987, Institution 93548, Agent 93547 for Account No. HT2789 (WHLLC) and Account No. HT2791 (KALLC).

(h) "Material Adverse Effect" means any change in or effect on the business of the referenced corporation or any of its Subsidiaries that is or will be materially adverse to the business, operations (including the income statement), properties (including intangible properties), condition (financial or otherwise), assets, liabilities or regulatory status of such referenced corporation and its Subsidiaries taken as a whole, but shall not include the effects of changes that are generally applicable in (A) the telecommunications industry, (B) the United States economy or (C) the United States securities markets if, in any of (A), (B) or (C), the effect on NYNEX or Bell Atlantic, determined without including its ownership of NYNEX after the Merger, (as the case may be) and its respective Subsidiaries, taken as a whole, is not disproportionate relative to the effect on the other and its Subsidiaries, taken as a whole. All references to Material Adverse Effect on Bell Atlantic or its Subsidiaries contained in Article IV, V or VI of this Agreement shall be deemed to refer solely to Bell Atlantic and its Subsidiaries without including its ownership of NYNEX and its Subsidiaries after the Merger.

(i) "Material Investment" means (a) as to NYNEX, each of FLAG Limited, Orient Telecom and Technology Holdings Limited, PT Excelcomindo Pratama, Telecom Asia Corporation Public Company Limited and any other person which NYNEX directly or indirectly holds the stock of, or other equity interest in, provided the lesser of the fair market value or book value of such interest exceeds $100 million, excluding, however, any person which is a Subsidiary of NYNEX or a Jointly Held Person; and (b) as to Bell Atlantic, each of Grupo Iusacell, S.A. de C.V., Telecom Corporation of New Zealand Limited, Omnitel, and any other person which Bell Atlantic directly or indirectly holds the stock of, or other equity interest in, provided the lesser of the fair market value or book value of such interest exceeds $100 million, excluding, however, any Person which is a Subsidiary of Bell Atlantic or a Jointly Held Person.

(j) "person" means an individual, corporation, partnership, association, trust, unincorporated organization, entity or group (as defined in the Exchange Act).

(k) "POR" means the Plan of Reorganization approved by the United States Court for the District of Columbia on August 5, 1983 and the Agreement Concerning Contingent Liabilities, Tax Matters and Termination of Certain Agreements dated as of November 1, 1983, as amended and supplemented.

(l) "Significant Subsidiary" with respect to NYNEX means any Subsidiary which on the date of determination is a "significant subsidiary" within the meaning of Rule 1-02 (w) of Regulation S-X promulgated under the Exchange Act and, with respect to Bell Atlantic means any Subsidiary which on the date of determination is a "significant subsidiary" within the meaning of Rule 1-02(w) of Regulation S-X promulgated under the Exchange Act, excluding, however, Jointly Held Persons.

(m) "Subsidiary", "NYNEX Subsidiary", or "Bell Atlantic Subsidiary" means any corporation or other legal entity of which NYNEX or Bell Atlantic, as the case may be (either alone or through or together with any other Subsidiary or Subsidiaries), owns, directly or indirectly, more than 50% of the stock or other equity interests the holders of which are

generally entitled to vote for the election of the board of directors or other governing body of such corporation or other legal entity, excluding, however, Jointly Held Persons

SECTION 10.5 - Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 10.6 - Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the maximum extent possible.

SECTION 10.7 - Entire Agreement; No Third-Party Beneficiaries. This Agreement constitutes the entire agreement and, except as expressly set forth herein, supersedes any and all other prior agreements and undertakings, both written and oral, among the Parties, or any of them, with respect to the subject matter hereof and, except for Section 7.8 (Indemnification, Directors' and Officers' Insurance) and Section 7.12 (Post-Merger Bell Atlantic Board of Directors), is not intended to confer upon any person other than NYNEX, Bell Atlantic, and the Merger Subsidiary and, after the Effective Time, their respective stockholders, any rights or remedies hereunder.

SECTION 10.8 - Assignment. This Agreement shall not be assigned by operation of law or otherwise.

SECTION 10.9 - Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware applicable to contracts executed in and to be performed entirely within that State, without regard to the conflicts of laws provisions thereof.

SECTION 10.10 - Counterparts. This Agreement may be executed in one or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, NYNEX and Bell Atlantic have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

NYNEX CORPORATION

By:_____
Name: Ivan G. Seidenberg
Title: Chairman and Chief Executive Officer

BELL ATLANTIC CORPORATION

By:_____
Name: Raymond W. Smith
Title: Chairman and Chief Executive Officer

IN WITNESS WHEREOF, NYNEX and Bell Atlantic have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

NYNEX CORPORATION

By: /s/ Ivan G. Seidenberg
Name: Ivan G. Seidenberg
Title: Chairman and Chief Executive Officer

BELL ATLANTIC CORPORATION

By: /s/ Raymond W. Smith
Name: Raymond W Smith
Title. Chairman and Chief Executive Officer

APPENDIX D

PCS PRIMECO, L.P.
EXECUTIVE COMMITTEE AND PRESIDENT

C. Lee Cox (Chairman)
President and Chief Executive Officer
AirTouch Cellular Operations
2999 Oak Road
Walnut Creek, CA 94596
Assistant: Kathy Haney (510/210-3700)
510/210-3777
Fax: 510/210-3701

Lawrence T. Babbio, Jr.
Executive Vice President
and Chief Operating Officer
Bell Atlantic
1310 North Courthouse Road
Arlington, VA 22201
Assistant: Lynn McClure (703/974-6667)
703/974-6562
Fax: 703/974-3866

Richard W. Blackburn
President and Group Executive
NYNEX Worldwide Services
1095 Avenue of the Americas
New York, NY 10036
Assistant: Joanne Johnson (212/395-1016)
212/395-1014
Fax: 212/719-3349

Michael Miron
Vice President-Corporate Strategy & Development
AirTouch Communications
One California Street, 30th Floor
San Francisco, CA 94111
Assistant: June Sugiyama (415/658-2481)
415/658-2480
Fax: 415/658-2485

Janice C. Peters
President & Chief Executive Officer
US West Media Group
7800 East Orchard Road, Ste. 200
Englewood, CO 80111
Assistant: Julie Norris (303/793-6693)
303/793-6280
Fax: 303/793-6314

Dennis F. Strigl
President & Chief Executive Officer
Bell Atlantic Mobile
180 Washington Valley Road
Bedminster, NJ 07921
Assistant: Hope Halck (908/306-7666)
908/306-7666
Fax: 908/658-9788

Benjamin L. Scott
President & CEO
PCS PrimeCo, L.P.
6 Campus Circle
Westlake, TX 76262
Assistant: Crystal Nation (817/268-1101)
817/268-1110
Fax: 817/268-1107

		Fax #
PRESIDENT AND CHIEF EXECUTIVE OFFICER		
Benjamin Scott 6 Campus Circle Westlake, Texas 76262 Assistant - Crystal Nation - 817-258-1101	817-258-1110	817-258-1107
OFFICERS and VICE PRESIDENTS		
Lowell McAdam, VP and COO 6 Campus Circle Westlake, Texas 76262 Assistant - Debby Whitworth – 817-258-1121	817-258-1113	817-258-1107
MARK GUMMING ~~Dennis Spickler~~, VP CFO ~~and CIO Officer~~ 6 Campus Circle Westlake, Texas 76262 Assistant - Darryl White - 817-258-1455	817-258-1400	817-258-1444
George Tenney, VP and General Counsel 6 Campus Circle Westlake, Texas 76262 Assistant - Mary Ellen Shepherd - 817-258-1601	817-258-1600 817-946-4577 mob.	817-259-1602
Nancy Hemmenway, VP Human Resources 6 Campus Circle Westlake, Texas 76262 Assistant - Lori Washburn - 817-258-1501	817-258-1500	817-258-1106
Karen Little, VP Marketing and Sales 6 Campus Circle Westlake, Texas 76262 Assistant - Debbie Brimer - 817-258-1701	817-258-1700	817-258-1714
Keith Kaczmarek, VP Engineering and Operations 6 Campus Circle Westlake, Texas 76262 Assistant - Darlene Hanson - 817-258-1287	817-258-1206	817-258-1669
Donna Persing, VP-Customer Operations 6 Campus Circle Westlake, Texas 76262 Assistant - 817-258-1120	817-258-1115	817-258-1119

PRESIDENT MIDWEST REGION

Robert Johnson- Chicago
One Pierce Place
11th Floor
Itasca, IL 60143
Assistant - Joan Nicholson - 708-285-8061
708-285-8060
708-875-8250

VICE PRESIDENTS - GENERAL MANAGERS

Joe Woods - Milwaukee
700 W. Virginia St.
Milwaukee, WI 53204
Assistant - Julia Smith - 414-390-5231
414-390-5201
414-390-5202

~~Cliff Fineer~~ - Honolulu Jeff Brennan
1132 Bishop Street #1105
Honolulu, HI 96813
Assistant - Gwen Sekigawa - 808-566-9400
808-566-9500
808-566-9570

PRESIDENT SOUTHWEST REGION

Dan Sutherland
6 Campus Circle
Westlake, Texas 76262
Assistant - Brenda Gordon - 817-258-1901
817-258-1900
817-247-2145 mob.
817-258-1912

VICE PRESIDENTS - GENERAL MANAGERS

Robert Young - Houston
5959 Corporate Drive
2nd Floor N.W.
Houston, Texas 77036
Assistant - Jody Lezak - 713-588-5664
713-588-5665
713-724-9358 mob.
713-588-5604

Roy Chestnutt - San Antonio
1701 Directors Blvd., Suite 220
Austin, Texas 78744
Assistant - Cheryl Dunlap - 512-349-8175
512-349-8181
512-970-4109 mob.
512-349-8020

Sharon Marrow - New Orleans
Three Lakeway Center
3838 N. Causeway Blvd., Ste. 3250
Metairie, LA 70002
Assistant - Debbie Soileau - 504-846-6260
504-846-6201
504-846-6299

PRESIDENT SOUTHEAST REGION

Dan Bahuniak — 813-615-4804 — 813-615-4894
8875 Hidden River Parkway, Suite 350 — 813-515-6817 mob.
Tampa, FL 33637
Assistant - Dawn Denisio - 813-615-4828

VICE PRESIDENTS - GENERAL MANAGERS

Michael Simkin - Miami — 407-995-5501 — 407-995-5720
777 Yamato Road, 6th Floor — 407-389-2706 mob.
Boca Raton, FL 33431
Assistant - Patricia Arms - 407-995-5519

Claude Elliton - Jacksonville — 904-348-3601 — 904-348-3606
3728 Philips Hwy, Suite 360 — 619-981-1111 mob.
Jacksonville, FL 32207
Assistant - Claire Piro - 904-348-3603

Joe O'Konek - Richmond — 804-327-5330 — 804-327-5490
9011 Arboretum Parkway Suite 295 — 804-513-5949 mob.
Richmond, VA 23236
Assistant - Renee Early - 804-327-5335

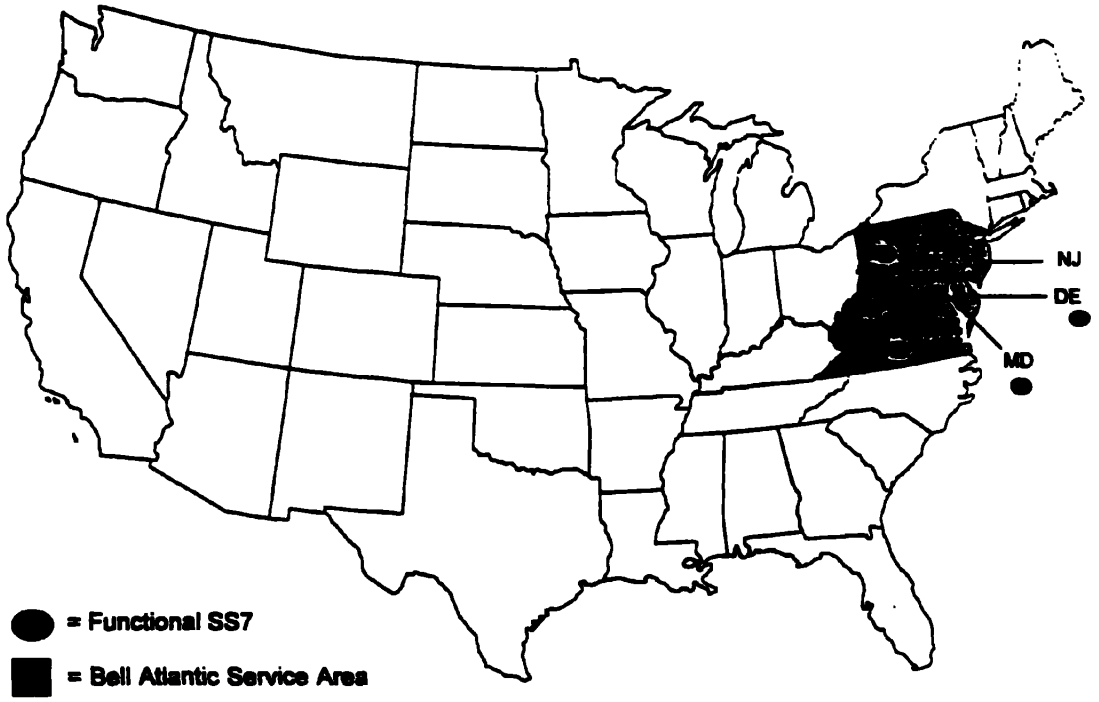
updated 5/29/96 by MPerley

PRIMECO REQUEST FOR ADVISORY OPINION

APPENDIX E

BELL ATLANTIC CORPORATION

1717 Arch Street • Philadelphia, PA 19103 USA • (215)963-6333 • http://www.bell-atl.com/



Corporate Officers

Raymond W. Smith
Chairman of the Board and Chief Executive Officer

Lawrence T. Babbio, Jr.
Vice Chairman

James G. Cullen
Vice Chairman

William O. Albertini
Executive Vice President and Chief Financial Officer

Joseph T. Ambrozy
Vice President of Strategic Planning

P. Alan Bulliner
Vice President, Corporate Secretary and Counsel

Barbara L. Connor
Vice President of Finance and Controller

John F. Gamba
Senior Vice President of Corporate Resources and Performance Assurance

Bruce S. Gordon
Group President of Consumer and Small Business Services for Bell Atlantic Network Services Inc.

Corporate Officers (continued)

Stuart C. Johnson
Group President for Large Business and Information Services for Bell Atlantic Network Services Inc.

Thomas R. McKeough
Vice President of Mergers and Acquisitions and Associate General Counsel

Kevin P. Pennington
Vice President of Human Resources

Ellen C. Wolf
Vice President and Treasurer

James R. Young
Vice President and General Counsel

Bell Atlantic Corporation At A Glance

FINANCIAL AND OPERATING DATA

Number of employees: 72,300
Access lines served: 19,168,000
Number of access lines per employee: 265

1994 total assets: $24.3 billion
1993 total assets: $29.5 billion
1994 total operating revenues: $13.8 billion
1993 total operating revenues: $13.2 billion
1994 net income (loss): ($754.8 million)
1993 net income: $1.4 billion

1994 earnings per share (loss): ($1.73)
1993 earnings per share: $3.22
1994 dividends per share: $2.76
1993 dividends per share: $2.68
1994 debt ratio: 59.4%**
1993 debt ratio: 54.6%

* Excluding special items related to discontinuance of regulatory accounting, employee separation costs, disposition of certain non-strategic investments, debt refinancing, and the devaluation of the Mexican peso.

** Includes the effects of special items noted above.

TELEPHONE OPERATIONS

Bell Atlantic-Delaware Inc., Wilmington, DE
Bell Atlantic-Washington, DC Inc., Washington, DC
Bell Atlantic-Maryland Inc., Baltimore, MD
Bell Atlantic-New Jersey Inc., Newark, NJ
Bell Atlantic-Pennsylvania Inc., Philadelphia, PA
Bell Atlantic-Virginia Inc., Richmond, VA
Bell Atlantic-West Virginia Inc., Charleston, WV

CELLULAR MOBILE TELEPHONE AND PAGING OPERATIONS

Bell Atlantic Mobile
Bell Atlantic Paging
Bell Atlantic Personal Communications Inc.
EuroTel Cellular Service
Grupo Iusacell S.A. de C.V.
PCS PrimeCo
Tomcom

OTHER OPERATIONS

Bell Atlantic Business Systems International Inc.
Bell Atlantic Business Systems Services Inc.
Bell Atlantic Directory Graphics Inc.
Bell Atlantic International Inc.
Bell Atlantic Meridian Systems
Bell Atlantic Network Integration Inc.
Bell Atlantic/Nynex/Pacific Telesis Multimedia Partnership
Bell Atlantic Professional Services Inc.
Bell Atlantic Properties Inc.
Bell Atlantic Teleproducts Corporation
Bell Atlantic TriCon Leasing Corporation
Bell Atlantic Video Services Company
Chesapeake Directory Sales Company
National Telephone Directory Company
Omnitel Pronto Italia
Pacific Atlantic Systems Leasing Inc.
Pacific Star Communications
Penn-Del Directory Company
Sky Network Television Ltd.
Sodalia S.p.A.
Telecom Corporation of New Zealand Limited
TeleZone
Vision Energy Resources Inc.

Overview

Bell Atlantic Corporation, headquartered in Philadelphia, PA, is a diversified telecommunications company founded in 1984, providing advanced voice and data services in the mid-Atlantic region, and wireless communications throughout East Coast markets and parts of the Southeast and Southwest. Bell Atlantic continues to pursue growth opportunities in wired and wireless communications, information services and video and entertainment markets, both domestically and internationally.

Bell Atlantic's seven operating companies provide local exchange and exchange access communications services to 29 million people in 11 million households in New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, and Washington, DC. The companies offer network telecommunications services, such as dial-up, direct (data and voice), high speed access (X.25/X.75) public data network services, protocol conversion, Centrex, and central office local area networks, as well as directory advertising, billing and collection services and premises writing services.

Bell Atlantic is one of the nation's largest cellular carriers and is the parent of companies that provide business systems services for customer-based information technology throughout the United States and internationally. In addition, Bell Atlantic International offers network services and consulting to telephone authorities throughout the world.

At the end of 1994, 75% of Bell Atlantic' access lines and 91% of their central office switching entities were digital. By the end of 1995, these figures are estimated to improve to 83% and 94%, respectively. Bell Atlantic offers a number of new technologies and services including: Digital switching, common channel signaling (CCS), integrated services digital network (ISDN), advanced intelligent network (AIN), wireless personal communications services (PCS), Fiber Optics, and broadband switching/video dialtone (VDT).

During 1994, Bell Atlantic announced its ISDN Anywhere plan, promising ISDN capability to customers in the region, regardless of whether that customer's central office is ISDN equipped, by serving that customer from the nearest central office so equipped at no extra charge. Bell Atlantic had approximately 90,000 ISDN lines in service at the end of 1994. By the end of the decade, they estimate that number to be close to 500,000.

Bell Atlantic has already deployed more than two million fiber miles in their network and expect to add another half million miles by the end of 1995. Also, sonet-based fiber rings have been deployed in all of Bell Atlantic's major metropolitan areas and are available to most of Bell Atlantic's major business customers. At the end of 1994, Bell Atlantic had deployed approximately 450 sonet rings, with more than 55 percent of their critical business customers on or near these rings, and more than 50 percent of the IXC population locations connected to sonet.

Bell Atlantic Mobile (BAM) is the largest cellular carrier on the East Coast, and one of the largest and fastest growing wireless companies in the United States. BAM's service area currently includes portions of 15 states and the District of Columbia. The coverage area includes 36 metropolitan statistical areas (MSAs) and 31 rural statistical areas (RSAs) in East Coast and Southeast markets from Massachusetts to South Carolina, as well as certain areas in Texas, New Mexico and a large portion of Arizona. Bell Atlantic Paging, with paging services in the mid-Atlantic region, complements BAM's wireless service offerings. At year end 1994 there were more than 1.6 million subscribers.

On October 20, 1994, Bell Atlantic, Nynex, AirTouch, and U S West signed a definitive agreement to form a wireless alliance to provide nationally branded, innovative and easy-to-use wireless communications services. The alliance has two elements. PCS PrimeCo was formed to fill in the national footprint by acquiring PCS licenses in the FCC spectrum auction and rapidly and efficiently build a network to support a wide array of wireless service offerings. Tomcom, a technical operating and marketing services organization, will develop a national branding and marketing strategy, and technical and service standards for its wireless properties, making these standards open to other PCS providers across the country.

The combined cellular properties in this alliance cover nearly 110 million pops in 15 of the 20 largest cellular markets in the country, serving more than five million customers concentrated on both coasts. PCS PrimeCo won eleven 30MHz licenses in the recently concluded FCC spectrum auction, representing an additional 57 million pops in a number of major markets.

On June 30, 1994, Bell Atlantic and Nynex announced an agreement to combine their domestic cellular properties. The combined company (CellCo) will become the largest cellular carrier on the East Coast, covering 55 million pops in seven of the top markets, initially serving more than 2.5 million customers.

On March 17, 1995, Bell Atlantic was granted approval to provide video programming services across the regional calling area, or LATA, boundaries. Bell Atlantic is permitted to, among other things, deliver video programming nationwide by satellite, provide nationwide compression and digitizing ser-

Overview (continued)

vices by satellite for their own or others' programming, provide local video distribution across LATA boundaries within their region to match the geographic scope of the existing cable company service or franchise area, and use a central video storage facility to serve multiple LATAs.

In the spring of 1995, Bell Atlantic Video Services (BVS) introduced the world's first commercially deployable video-on-demand (VOD) service in a market trial in Fairfax County, VA. Service is provided over Bell Atlantic's VDT network utilizing the ADSL technology platform. The Bell Atlantic Stargazer (SM) VOD trial is being conducted within 1,000 homes and could ramp up to a greater number of homes in 1996, with additional FCC approvals.

Bell Atlantic has been granted authority to provide Video Dialtone services in Dover Township, NJ. On January 27, 1995, Bell Atlantic filed its first commercial tariff with the FCC. Bell Atlantic also requested authority to offer a commercial video dialtone service to customers served by 25 central offices in parts of northern Virginia and southern Maryland upon completion of the six-month market trial.

On October 31, 1994, a multimedia partnership was formed by Bell Atlantic, Nynex and Pacific Telesis, to deliver the next generation of nationally branded home entertainment, information and interactive services. The partnership has two separate profit centers: a technology and integration (platform) company and a media company, equally owned by the three partners. The partners have also formed a strategic relationship with Creative Artists Agency (CAA), to provide consulting and advisory services to the media company.

In February 1995, Bell Atlantic and AirTouch agreed to make minority equity investments in TeleZone Corporation, a privately held Canadian company interested in building a nationwide wireless communications network in Canada, utilizing its PCS technology.

In February 1995, Bell Atlantic and France Telecom incorporated a new joint venture company called Telfar, which submitted a bid for a 27% share of SPT Telecom, the Czech telecommunications operator. The Telfar proposal is focused on assisting SPT Telecom to deliver high-quality, universal communication and information services to all customers in the Czech Republic.

Pacific Star Communications Pty. Limited (Pacific Star), a service integration and facilities management company in Australia, is jointly owned by TCNZ (51 percent) and Bell Atlantic (49%). In February 1995, Pacific Star Mobile entered into an agreement to become the first independent provider of services on the cellular network of Telecom Australia (Telestra), operator of the largest geographic coverage of three competing digital cellular networks in Australia.

Bell Atlantic provides Telecom Italia with consulting services, technology and software. Using the BVS Stargazer (SM) platform, Telecom Italia successfully began a video-on-demand (VOD) technical trial in Rome in December 1994.

In March 1994, the Omnitel Pronto Italia consortium (Omnitel) was awarded the second cellular license in Italy. The license to build and operate Italy's second GSM cellular network was issued in December 1994. Members of the consortium include Olivetti, Bell Atlantic, CCI International, AirTouch, Telia, Mannesmann, and a number of others. Bell Atlantic is the second largest shareowner in the consortium, with an 11.6 percent share.

In November 1993, Bell Atlantic acquired a 23 percent interest in Grupo Iusacell, the leading independent wireless telecommunications company in Mexico. In August 1994, Bell Atlantic completed the second phase of the purchase.

Telephone Operations

BELL ATLANTIC-DELAWARE INC.
911 Tatnall Street
Wilmington, DE 19801 USA
(302)571-1571

Carolyn S. Burger, President and Chief Executive Officer

Operates approximately 473,000 access lines, and provides local exchange and exchange access services in Delaware.

BELL ATLANTIC-WASHINGTON, DC INC.
1710 H Street NW
Washington, DC 20006 USA
(202)392-9900

William M. Freeman, President and Chief Executive Officer

Telephone Operations (continued)

Operates approximately 856,000 access lines, and provides local exchange and exchange access services in Washington, DC.

BELL ATLANTIC-MARYLAND INC.
1 East Pratt Street
Baltimore, MD 21202 USA
(410)539-9900

Daniel J. Whelan, President and Chief Executive Officer

Operates approximately 3,157,000 access lines, and provides local exchange and exchange access services in Maryland.

BELL ATLANTIC-NEW JERSEY INC.
540 Broad Street
Newark, NJ 07101 USA
(201)649-9900

Alfred C. Koeppe, President and Chief Executive Officer

Operates approximately 5,326,000 access lines, and provides local exchange and exchange access services in New Jersey.

BELL ATLANTIC-PENNSYLVANIA INC.
One Parkway
Philadelphia, PA 19102 USA
(215)466-9900

William Harral, President and Chief Executive Officer

Operates approximately 5,674,000 access lines in Pennsylvania. The company provides its residential and business customers with information and communications systems and services.

BELL ATLANTIC-VIRGINIA INC.
600 East Main Street
Richmond, VA 23219 USA
(804)225-6300

Hugh R. Stallard, President and Chief Executive Officer

Operates approximately 2,940,000 access lines, and provides local exchange and exchange access services in Virginia.

BELL ATLANTIC-WEST VIRGINIA INC.
1500 MacCorkle Avenue SE
Charleston, WV 25314 USA
(304)343-9911

David E. Lowe, President and Chief Executive Officer

Operates approximately 742,000 access lines, and provides local exchange and exchange access services in West Virginia.

Cellular Mobile Telephone and Paging Operations

BELL ATLANTIC NYNEX MOBILE
180 Washington Valley Road
Bedminster, NJ 07921 USA
(800)255-2355

Dennis F. Strigl, President and Chief Executive Officer

Provides cellular service and equipment in the Northeastern, Mid-Atlantic, Southeastern, and Southwestern United States.

BELL ATLANTIC PAGING INC.
1719A Route 10
Parsippany, NJ 07054 USA
(800)525-1134

Robert M. Balascio, President

Offers paging equipment and paging services.

Cellular Mobile Telephone and Paging Operations (continued)

BELL ATLANTIC PERSONAL COMMUNICATIONS
1310 North Court House Road, 5th Floor
Arlington, VA 22209 USA
(703)351-4537

Coordinates and advances Bell Atlantic's activities in regard to PCS-related technologies and services.

PCS PRIMECO L.P.
Six Campus Circle
Westlake, TX 76262 USA
(817)962-8070

A partnership among Bell Atlantic, Nynex, AirTouch, and U S West created to provide innovative, easy-to-use, nationally branded wireless communications services.

Other Operations

BELL ATLANTIC BUSINESS SYSTEMS SERVICES
50 East Swedesford Road
Frazer, PA 19355 USA
(800)777-8800

Thomas A. Vassiliades, President and Chief Operating Officer

Formerly Sorbus Inc., the company is an independent computer service organization providing computer maintenance, software support, disaster recovery, and consulting services, for more than 640 brands of computer equipment.

BELL ATLANTIC DIRECTORY GRAPHICS INC.
Valley Forge Corporate Center, 2500 Monroe Boulevard
P.O. Box 80050
Valley Forge, PA 19484-0050 USA
(610)650-5000

Daniel J. Gomez, President

Provides region-wide electronic photocomposition, complete graphic services and database-management services for directory advertising businesses. The company also provides multimedia production services, such as CD-ROM.

BELL ATLANTIC INTERNATIONAL INC.
1310 North Court House Road, 5th Floor
Arlington, VA 22201 USA
(703)875-8800

Alexander H. Good, President and Chief Executive Officer

Identifies and develops investment opportunities in foreign government or state-owned telecommunications companies in the areas of network construction, operation and ownership projects. Bell Atlantic International also offers management and training and education services to telephone companies, governments and large businesses located outside of the United States.

BELL ATLANTIC MERIDIAN SYSTEMS
2010 Corporate Ridge
McLean, VA 22102 USA
(800)252-2355; (703)712-7500

Sells and services customer premises equipment primarily in the mid-Atlantic region. (Partnership between Bell Atlantic and Northern Telecom Inc.).

BELL ATLANTIC NETWORK INTEGRATION INC.
50 East Swedesford Road
Frazer, PA 19355 USA
(610)993-6500

A full-service enterprise network integrator providing complex network design and network infrastructure solutions to help businesses in a variety of industries. In addition to its core program of networking services for large business customers, Bell Atlantic Network integration also offers professional services such as outsourcing, consulting and network management services.

BELL ATLANTIC PROFESSIONAL SERVICES INC.
8180 Greensboro Drive, Suite 550
McLean, VA 22102 USA
(800)333-1213

Provides technical training courseware and educational services, temporary project staffing and program management services tailored to the specific needs of telecommunications companies and information providers.

Other Operations (continued)

BELL ATLANTIC PROPERTIES INC.
1717 Arch Street, 34th Floor
Philadelphia, PA 19103 USA
(215)587-4200

Engaged in real estate investment and management, primarily in support of Bell Atlantic's core businesses.

BELL ATLANTIC TELEPRODUCTS CORPORATION
50 East Swedesford Road, Suite 150, West Building
Frazer, PA 19355 USA
(800)221-0068

Distributes caller ID equipment; sells a wide range of fax machines, telephone products and integrated services digital network (ISDN) equipment to the residential, work-at-home and small and large business markets.

BELL ATLANTIC TRICON LEASING CORPORATION
95 North Route 17 South, P.O. Box 907
Paramus, NJ 07653 USA
(201)712-3300 and (800)526-4672

Arranges leasing and financing of medical, industrial and commercial equipment and corporate financial services nationwide. Bell Atlantic reached an agreement to sell a significant portion of TriCon Leasing Corporation in March 1994.

BELL ATLANTIC VIDEO SERVICES COMPANY
1880 Campus Commons Drive
Reston, VA 22091 USA
(703)708-4100

Frank W. Pereira, President

A programming and video services operations company that develops interactive multimedia television services.

CHESAPEAKE DIRECTORY SALES COMPANY (CDSC)
6404 Ivy Lane, Suite 800
Greenbelt, MD 20770 USA
(301)220-5000

Provides professional advertising sales and service for yellow pages directories and electronic services in Bell Atlantic telephone companies' southern markets as their only authorized local sales agency.

NATIONAL TELEPHONE DIRECTORY COMPANY
3 Executive Drive, P.O. Box 6765
Somerset, NJ 08875-6765 USA
(908)302-3000

Provides professional advertising sales and service for Yellow Pages directories in Bell Atlantic-New Jerseys market as its only authorized local sales agency.

PACIFIC ATLANTIC SYSTEMS LEASING INC.
11811 North Tatum Boulevard, Suite 2000
Phoenix, AZ 85028 USA
(602)494-8200

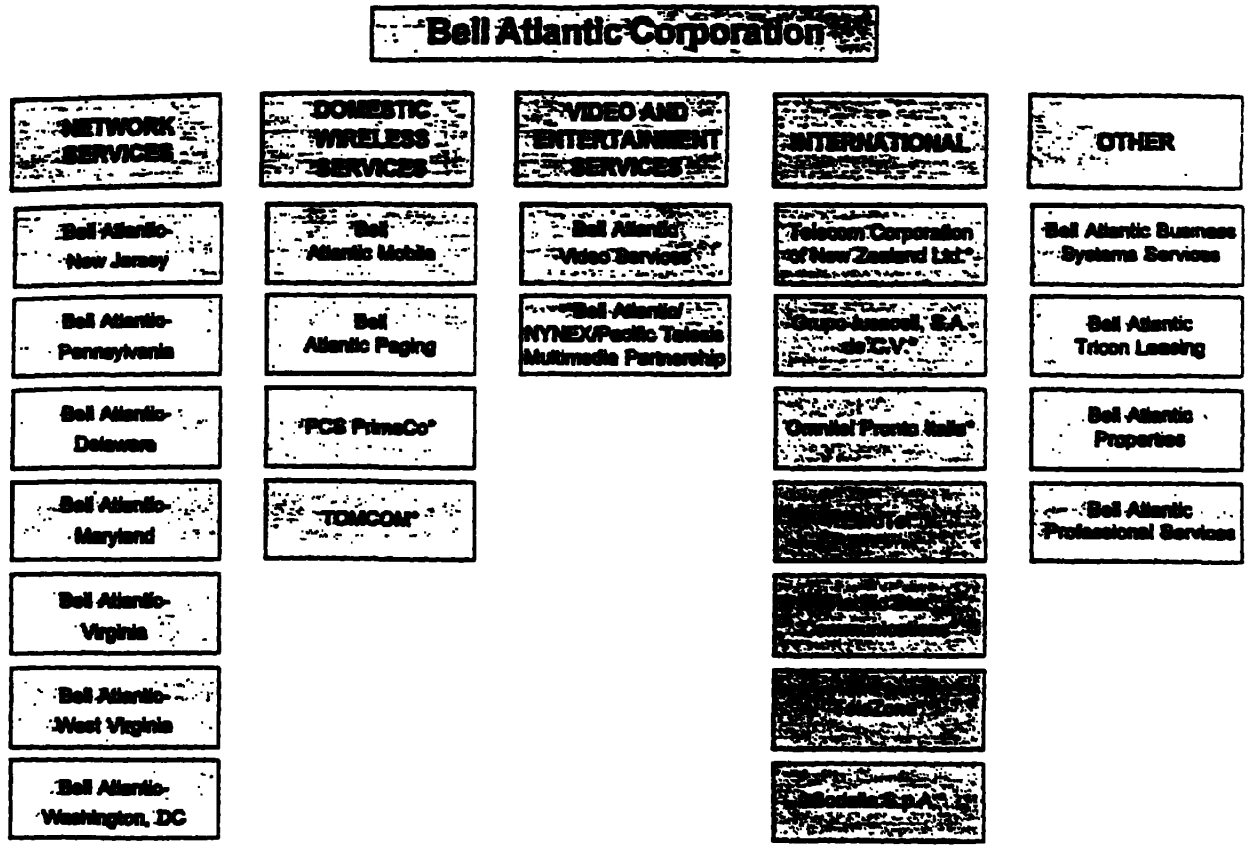
A joint venture managing the existing computer leasing portfolios of Bell Atlantic Systems Leasing International Inc. and PacifiCorp Capital Inc.

PENN-DEL DIRECTORY COMPANY
Glenview Corporate Center, 3050 Tillman Drive
Bensalem, PA 19020-0811 USA
(215)244-9400

Provides professional advertising sales and service for yellow pages directories in Bell Atlantic-Pennsylvania's and Bell Atlantic-Delaware's markets as their only authorized local sales agency.

VISION ENERGY RESOURCES INC.
1801 Burdick Expressway West
Minot, ND 58701 USA
(800)472-2660

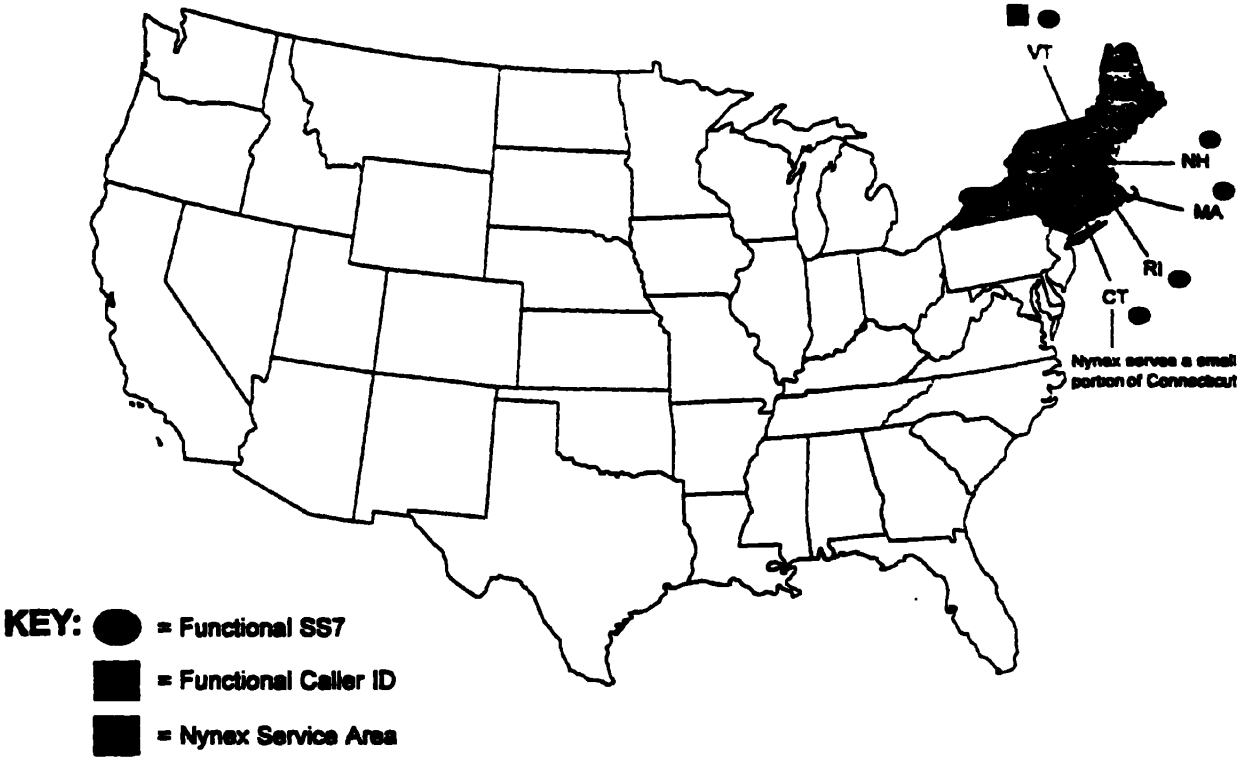
Liquefied petroleum gas distribution business, acquired as part of a merger with Meto Mobile.



*Minority Investments

NYNEX CORPORATION

1095 Avenue of the Americas • New York, NY 10036 USA • (212)[illegible] • http://www.nynex.com



Corporate Officers

Ivan G. Seidenberg
Chairman and Chief Executive Officer

Frederic V. Salerno
Vice Chairman of Finance and Business Development

Raymond F. Burke
Executive Vice President of Law and Secretary

Alan Z. Senter
Executive Vice President and Chief Financial Officer

Morrison DeS. Webb
Executive Vice President and General Counsel

Jeffrey A. Bowden
Vice President of Strategy and Corporate Assurance

Peter M. Ciccone
Vice President and Comptroller

John M. Clarke
Vice President of Law

Saul Fisher
Vice President of Law

Patrick F. X. Mulhearn
Vice President of Public Relations

Corporate Officers (continued)

Donald J. Sacco
Vice President of Human Resources

Thomas J. Tauke
Vice President of Government Affairs

Colson P. Turner
Vice President and Treasurer

NYNEX Corporation At A Glance

FINANCIAL AND OPERATING DATA

Number of employees: 70,600
Access lines served: 16,600,000*
Number of access lines per employee: 235

1994 total assets: $30 billion
1993 total assets: $29.5 billion
1994 total operating revenues: $13.3 billion
1993 total operating revenues: $13.4 billion
1994 net income: $793 million
1993 net income (loss): ($394) million

1994 earnings per share: $1.89
1993 earnings per share (loss): ($.95)
1994 dividends per share: $2.36
1993 dividends per share: $2.36

1994 debt ratio: 52.9%**
1993 debt ratio: 53.9%**
1994 capital expenditures: $3.01 million***
1993 capital expenditures: $2.7 million***

* Network access lines in service have been restated for retroactive adjustments to the in-service base. This restatement was not material and had no impact on revenues.
** Includes effect of debt refinancing costs.
*** Excludes additions under capital lease obligations and the equity component of allowance for funds used during construction.

NOTE: 1994 amounts include pretax charges of $693.5 million for special pension enhancement due to work force reductions ($452.8 million after-tax). 1993 amounts include pretax charges of $2,121 million, for restructuring charges ($1,435 million after-tax).

TELEPHONE OPERATIONS

NYNEX Telecommunications, New York, NY

CELLULAR MOBILE TELEPHONE AND PAGING OPERATIONS

Bell Atlantic/NYNEX Mobile Communications

OTHER OPERATIONS

NYNEX Cablecomms Ltd.
NYNEX Capital Funding Company
NYNEX Credit Company
NYNEX Entertainment and Information Service Company
NYNEX Information Resources Company
NYNEX Network Systems Company
NYNEX Science & Technology Inc.
NYNEX Trade Finance Company

Overview

Nynex provides a full range of communications services in the Northeastern United States and selected markets around the world, including the United Kingdom, Thailand, Gibraltar, Greece, Indonesia, and the Czech Republic. The company is engaged in the provision of telecommunications products and services, directory publishing, information delivery, and other business services to 16.5 million customers.

Nynex's two principal operating subsidiaries are telephone companies, New York Telephone and New England Telephone. At the end of 1994, New York Telephone served almost 10.5 million access lines and New England Telephone served 6.1 million access lines. At the end of 1994, there were 4 million residential and 450,000 business customers in New England; and 6.6 million residential and 836,000 business customers in New York.

Nynex is investing more than $2.2 billion annually to improve its wireline network and build the information superhighway in its territory. The company was the first to test fiber-to-the-curb in an urban environment, and is moving toward general deployment of fiber to residential customers. At the end of 1994, Nynex counted more than 1.1 million miles of fiber-optic cable in service across New England and New York and 82 percent of customer lines linked to digital switches. In 1994, Nynex announced the deployment in Rhode Island of fiber-optic cable

Overview (continued)

for a broadband network that will eventually serve the entire Northeast. Nynex is installing 1.5 million to 2.0 million broadband lines in its region scheduled to be completed in 1996. Nynex's Rhode Island network already includes about 40,000 miles of fiber-optic cable, primarily connecting central offices. Also in 1994, Nynex submitted a 10-year plan to the Massachusetts Department of Public Utilities to begin building the information superhighway in the commonwealth. In the first phase of construction, Nynex will invest nearly half a billion dollars to install 330,000 lines utilizing fiber-optic based broadband technology. Nynex plans to convert their entire network to the digital system by the end of 1998.

Nynex Mobile Communications Company, through operating subsidiaries and partnerships, provides wireless telecommunications services and products. On June 30, 1994, Nynex and Bell Atlantic Corporation announced the formation of a joint venture to combine Nynex's and Bell Atlantic's domestic cellular services properties and bid in the PCS auctions. Initially, Bell Atlantic owns 62.35 percent of the joint venture and Nynex 37.65 percent and it is controlled equally by both companies.

At the end of 1994, Nynex Mobile counted 905,100 customers, a 68 percent increase over 1993. Nynex Mobile added 88 cell sites, increasing its total number of Northeast sites to 550. The company continued its acquisition of Contel Cellular properties announced in 1993, integrating the Vermont and New Hampshire properties. The Nynex/Bell Atlantic Mobile merger brings the aggregate customer base to over two million and expands the potential market to 55 million people from Maine to South Carolina. The company is offering enhanced voice mail, detailed billing and Nynex MobileReach (SM) service, which provides users with one phone number they can use virtually anywhere in the network, from Maine to Washington, DC.

Nynex Mobile completed its conversion to a quicker, more accurate customer management and billing system, Mobile 2000™, marking the largest information systems conversion in the cellular industry. The company is marketing this system to the national and international wireless industry in conjunction with American Management Systems (AMS).

On October 20, 1994, Nynex, Bell Atlantic, AirTouch Communications Inc., and U S West announced definitive agreements to form a venture to provide national wireless communications services. The venture is comprised of two partners. One of them, PCS PrimeCo, participated in the FCC broadband MTA PCS auction and won licenses in 11 MTAs. That partnership is governed by a board of three members representing Bell Atlantic and Nynex, and three members representing AirTouch and U S West. The second partnership will develop technical and service standards and a national branding and marketing strategy for both cellular and PCS services. That partnership is governed by a board of three members representing Bell Atlantic and Nynex, three members representing AirTouch and U S West and one independent member.

Nynex Information Resources Company produces, publishes and distributes alphabetical (White pages) and classified (Yellow pages) directories for the telephone companies. Information Resources also publishes other telephone directories, both domestically and internationally, on its own and in partnership with other entities. Nynex Information Technology Company, a subsidiary of Information Resources, provides on-line electronic directories in the United States and France and also provides CD-ROM directories.

Nynex Credit Company is primarily engaged in the business of financing transportation, industrial and commercial equipment and facilities to a broad range of companies through leasing transactions unrelated to Nynex's other businesses.

Nynex Capital Funding Company provides a source of funding to Nynex and its subsidiaries, other than the telephone companies, through its ability to issue debt securities in the U.S., Europe and other international markets.

Nynex Trade Finance Company evaluates and obtains non-recourse and trade-related financing for Nynex projects, evaluates and manages foreign currency risk and arranges the repatriation of profits from foreign operations, principally in developing and third-world economies.

Nynex conducts research and development primarily at Nynex Science and Technology Inc., which was formed in June 1991 to continue the activities previously performed with a department of Nynex. Science and Technology provides Nynex with technical direction and support that is essential in developing new services, improving current services, and increasing operational efficiencies. It focuses on applied research and development of advanced communications, information and network technologies. Another Nynex business unit, Telesector Resources, performs market research, product development and field trials associated with new services Nynex plans to introduce.

In 1994 Nynex Entertainment and Information Services Company was established. Their mission is to position Nynex as a leading packager of entertainment and information services.

Overview (continued)

On October 31, 1994, Nynex, Bell Atlantic and Pacific Telesis Group announced the formation of two jointly owned companies, a media company and a platform company, to develop and deliver home entertainment, information and interactive programming and services over the partners' video dialtone networks. The media company has entered into a broadbased consulting arrangement with Creative Artists Agency Inc. to develop a branding and marketing strategy to establish relationships with and assemble programming from various segments of the entertainment industry. The platform company is developing technical systems to support the development and distribution of programming and services over the video dialtone networks and will provide technical support services and systems to the media company. Each of the partnerships will contribute about $100 million in cash and/or assets to the new companies over the next three years.

A video dialtone trial is ongoing in Manhattan. In collaboration with Liberty Cable and Time Warner Communications, Nynex is carrying video signals over fiber-optic lines to 2,500 homes in three apartment complexes. The service delivers up to 150 channels of cable programming to customers. In conjunction with this, an interactive service trial enables some of these customers to receive movies on demand, online news, home shopping, live events, and information services. Also participating in the trial are Urban Cable and Advanced Research and Technology Inc.

To develop content to deliver over the network, Nynex has established a strategic relationship with Viacom, an entertainment and communications company. Viacom controls many valuable entertainment brands and is one of the largest suppliers of programming for broadcasting, first-run and off-network syndication, and cable TV markets.

Nynex participates in a number of ventures with partners overseas, some of which include:

In the United Kingdom, Nynex CableComms operates a broadband network. At the end of 1994, the network was serving about 122,000 cable TV subscribers and 99,000 residential phone customers, and many of them subscribe to both services. When completed, this network will pass about 2.7 million homes in 16 franchise areas.

In Bangkok, Thailand, Nynex is building a two-million line network through TelecomAsia, a strategic alliance between Nynex and the CP Group. Telecom Holding, a subsidiary of TelecomAsia, in 1993 won a license to provide cable TV services in Thailand.

Telecom Holding is also pursuing many telecommunications ventures in the Pacific region, including telephone service in the Philippines and long-distance, mobile radio and videotex services in Thailand.

Nynex is the managing partner of FLAG (Fiber-optic Link Around the Globe) project. FLAG is a $1.2-billion, 17,000-mile undersea cable system that will link business centers and high-growth regions along its path from London to Tokyo. When completed in 1997, the cable will have landing sites in 11 countries.

Nynex Information Resources Company (NIRC) is expanding its presence in international directory publishing markets. The company has successful ventures in Gibraltar, Poland, the Czech Republic, and Slovakia. NIRC has established a new subsidiary, Nynex Worldwide Directories Company, to sell directories outside of the U.S.

In Indonesia, Nynex and several Indonesian companies have constructed three network projects encompassing over 200,000 access lines, and Nynex is also pursuing new wireline and wireless opportunities there.

In Greece, Nynex participates in cellular operations with a 20 percent stake in STET Hellas Telecommunications S.A.

Telephone Operations

NYNEX TELECOMMUNICATIONS
1095 Avenue of the Americas
New York, NY 10036 USA
(212)395-2121

Richard A. Jalkut, President and Group Executive; Mel Meskin, Vice President and Chief Financial Officer

Nynex Telecommunications includes New York Telephone and New England Telephone. At the end of 1994, New York Telephone served almost 10.5 million access lines and New England Telephone served 6.1 million access lines.

Cellular Mobile Telephone and Paging Operations

BELL ATLANTIC/NYNEX MOBILE COMMUNICATIONS
2000 Corporate Drive
Orangeburg, NY 10962 USA
(914)365-7200

Cynthia J. White, Executive Vice President and Chief Operating Officer

Provides wireless telecommunications services and products. At the end of 1994, the company counted 905,100 customers, a 68 percent increase over 1993. The Nynex/Bell Atlantic Mobile merger brings the aggregate customer base to over two million and expands the potential market to 55 million people from Maine to South Carolina.

Other Operations

NYNEX CABLECOMMS LTD.
Wimbledon Bridge House, 1 Hartfield Road
Wimbledon SW 193RU, UNITED KINGDOM
44-815458000

Eugene P. Connell, President and Chief Executive Officer

Owns 16 cable franchises containing 2.7 million homes and 167,500 businesses that provide cable television and telecommunications services in the United Kingdom.

NYNEX CAPITAL FUNDING COMPANY
1113 Westchester Avenue
White Plains, NY 10604 USA
(914)644-6494

Colson Turner, President

Raises debt financing in the most cost-effective manner for Nynex and the non-telephone Nynex business units.

NYNEX CREDIT COMPANY
200 Park Avenue
New York, NY 10166 USA
(212)499-3701

Richard E. Lucey, President

Offers creative financial products and services to business customers who purchase items from non-regulated Nynex companies. The company also provides financing from companies acquiring purchases from non-Nynex companies.

NYNEX INFORMATION RESOURCES COMPANY
35 Village Road
Middleton, MA 01949 USA
(508)762-1000

Matthew J. Stover, President and Chief Executive Officer

Annually publishes more than 280 editions of the Nynex Yellow Pages, with a total distribution exceeding 33 million copies. The company also markets a CD-ROM format of Nynex's published white pages listings, and operates Nynex Telemarketing Services.

NYNEX NETWORK SYSTEMS COMPANY
Avenue Louise 106
Brussels B-1050 BELGIUM
32-26465030

Robert Anderson, President

Seeks private network opportunities, cellular licenses and cable TV franchises outside the United States. The company also oversees Nynex's ongoing network-based contracts in the United Kingdom, Gibraltar and the Philippines.

NYNEX SCIENCE & TECHNOLOGY INC.
500 Westchester Avenue
White Plains, NY 10605 USA
(914)683-0147

Casimir S. Skrzypczak, President

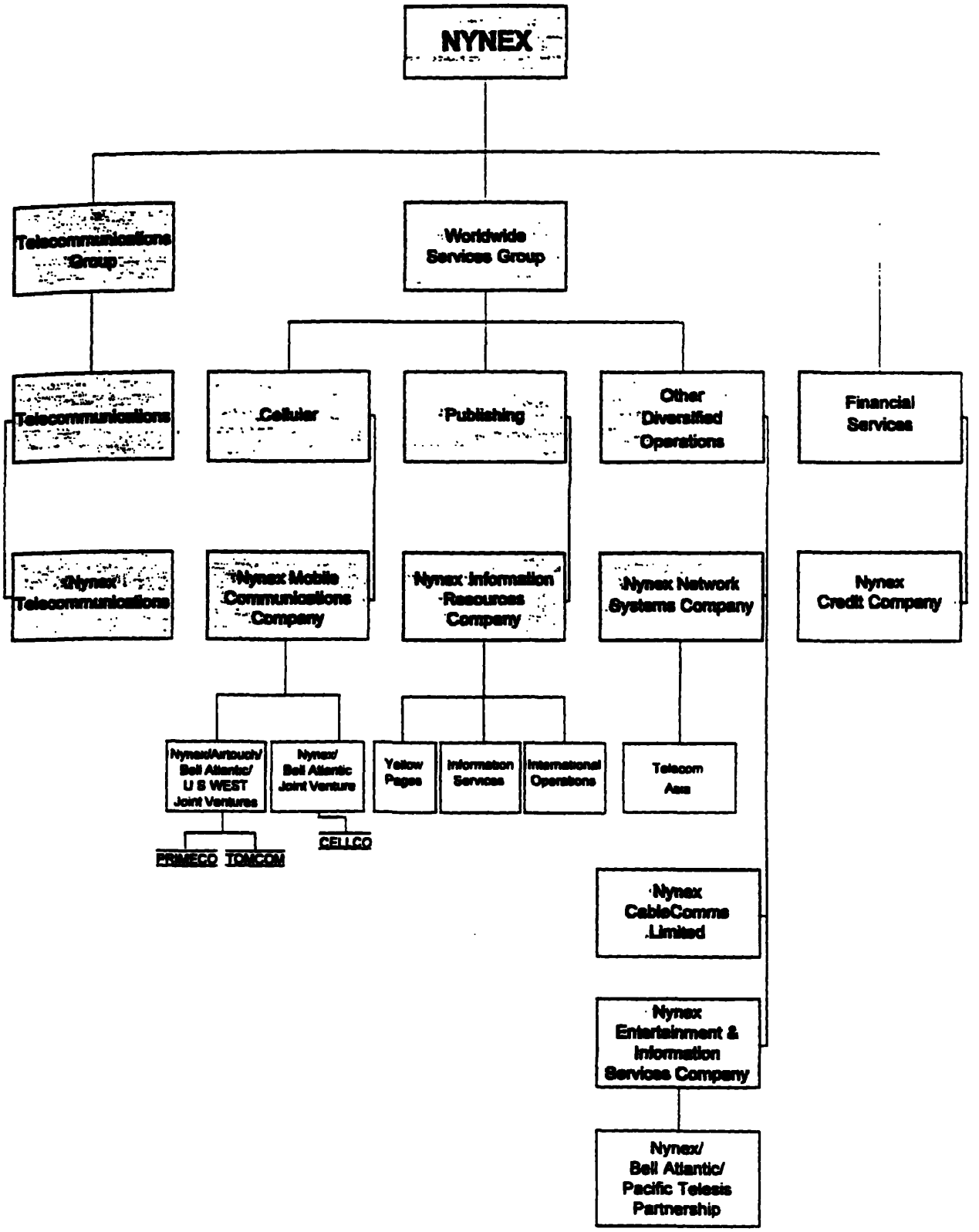
Research facility engaged in the research and development of solutions and applications in network, presentation and information technologies.

Other Operations (continued)

NYNEX TRADE FINANCE COMPANY
1113 Westchester Avenue
White Plains, NY 10604 USA
(914)644-6000

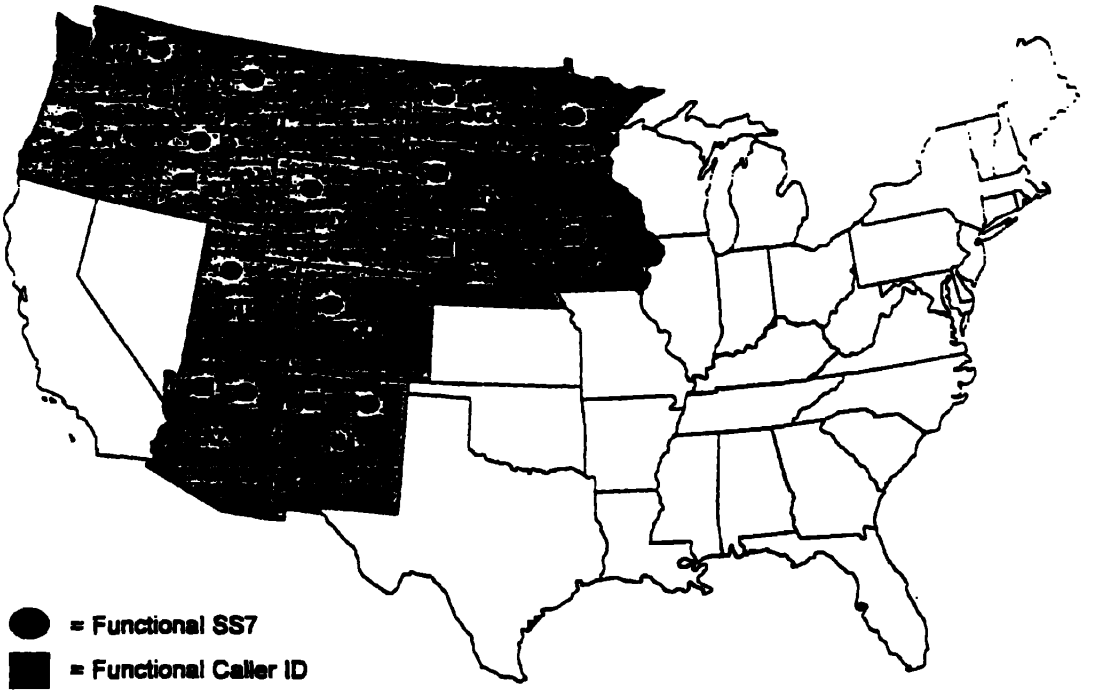
Richard W. Frankenheimer, President

Assists Nynex companies overseas, particularly in developing economies, by working with international financial institutions to create innovative financial arrangements.


NYNEX
Telecommunications Group
Worldwide Services Group
Telecommunications
Cellular
Publishing
Other Diversified Operations
Financial Services
Nynex Telecommunications
Nynex Mobile Communications Company
Nynex Information Resources Company
Nynex Network Systems Company
Nynex Credit Company
Nynex/Airtouch/ Bell Atlantic/ U S WEST Joint Ventures
Nynex/ Bell Atlantic Joint Venture
Yellow Pages
Information Services
International Operations
Telecom Asia
PRIMECO
TOMCOM
CELLCO
Nynex CableComms Limited
Nynex Entertainment & Information Services Company
Nynex/ Bell Atlantic/ Pacific Telesis Partnership

U S WEST INC.

7800 East Orchard Road, P.O. Box 6508 • Englewood, CO 80155-6508 USA • (303)793-6500 • http://www.uswest.com/



Corporate Officers

Richard D. McCormick
Chairman, President and Chief Executive Officer

A. Gary Ames
President and Chief Executive Officer of U S West Communications Group

Richard J. Callahan
Executive Vice President of U S West and President of U S West International and Business Development Group

Charles M. Lillis
Executive Vice President of U S West and President and Chief Executive Officer of U S West Diversified Group

James M. Osterhoff
Executive Vice President and Chief Financial Officer

Charles P. Russ
Executive Vice President, General Counsel and Secretary

James M. Anderson
Vice President and Treasurer

Lorne G. Rubis
Vice President of Quality

Judi Servoss
Vice President of Public Relations

Corporate Officers (continued)

H. Laird Walker
Vice President of Federal Relations

Thomas E. Pardun
President and Chief Executive Officer of U S West Multimedia Group

Jan Peters
Chief Operating Officer of U S West NewVector Group

Solomon D. Trujillo
President and Chief Executive Officer of U S West Marketing Resources Group

Pearre Williams
President of Corporate Development Division

U S WEST Inc. At A Glance

FINANCIAL AND OPERATING DATA

Number of employees: 61,505
Access lines served: 14,336,000
Number of Access lines per employee: 233

1994 total assets: $23.2 billion
1993 total assets: $20.7 billion
1994 net income: $1.43 billion
1993 net income(loss): ($2.8 billion)

1994 earnings per share: $3.14
1993 earnings per share (loss): ($6.69)
1994 dividends per share: $2.14
1993 dividends per share: $2.14

1994 debt ratio: 51.8%*
1993 debt ratio: 55.1%*
1994 capital expenditures: $2.8 billion*
1993 capital expenditures: $2.4 billion*

* Capital expenditures, debt and the debt-to-capital ratio exclude discontinued operations.

TELEPHONE OPERATIONS

U S West Communications, Denver, CO

CELLULAR MOBILE TELEPHONE AND PAGING OPERATIONS

U S West NewVector Group

OTHER OPERATIONS

Advanced Communications Services
Advanced Technologies
Business & Government Services
Carrier Market Unit
Directory Printing
Exchange Carrier Services
Growth Division
Home and Personal Services
Information Technologies
International Networks
Market Services Organization
Marketing Resources Plus
Network & Technology Services
Operator & Information Services
Public Policy
Public Services
Service Units
Small Business Services
Spectrum Enterprises International
Telewest International
U S West Business Resources
U S West Direct
U S West Enhanced Services Inc.
U S West International and Business Development Group
U S West International - Russia and Lithuania
U S West Management Information Services
U S West Market Information Products
U S West Marketing Resources International
U S West Multimedia Communications Group

Overview

U S West Inc. is a diversified global communications firm engaged in the telecommunications, directory publishing, marketing, and entertainment services businesses. The company's stock trades under the symbol USW on the New York Stock Exchange and other major exchanges throughout the world.

Telecommunications services are provided by U S West's principal subsidiary, U S West Communications Inc., to more than 25 million residential and business customers in 14 western and midwestern states. U S West Communications offers local, exchange access and long-distance network services. About 28% of the company's access lines are devoted to providing services to business customers. At the end of 1994 the company served 13.3 million access lines.

Local service offerings include caller ID, call block, custom ringing, custom telephone number, call waiting, call forwarding, three-way calling, speed calling, voice messaging, IntraCall home intercom, teenLink, centron (Centrex), U S West Communications calling card, and others.

U S West NewVector Group Inc. provides communications and information products and services, including cellular services in 31 MSAs and 34 RSAs, primarily located in the U S West region. U S West Cellular added 367,000 customers in 1994, growing from 601,000 subscribers in 1993 to 968,000 in 1994.

In October 1994, U S West joined AirTouch and Bell Atlantic/Nynex in a wireless consortium representing 15 of the nation's top 20 cellular markets and 100 million pops. This venture won broadband PCS licenses in 11 major cities covering 57 million pops, bringing the consortium's total wireless footprint (cellular and PCS combined) to 26 of the nation's top cities, with 157 million pops.

U S West Multimedia Communications Inc. was formed to manage U S West's cable investments. U S West Multimedia Communications is also responsible for identifying and pursuing alliances, acquisitions, and/or investments that complement U S West's strategy.

In April 1993, U S West selected Omaha as the first location for its new multimedia broadband network. In October 1994, a multimedia technical trial commenced in Omaha. The company spent several weeks testing its capability to pass interactive video signals between its basic, or Level 1, multimedia network and the various video-content providers, known as Level 2 providers, who sell services to consumers. Employees were on the system in early 1995. A one-year market trial began in the second quarter of 1995. The trial passes about 40,000 homes and offers basic and pay cable, and video-on-demand. In late 1995, services were expanded to include U S Avenue, GOtv, home shopping, news-on-demand, and others.

In February 1995, U S West completed agreements with 22 programmers for its interactive gateway service. The program and service providers, which include major motion picture studios, electronic game distributors and other programming sources, contribute to a library that will be available to network subscribers on an interactive-on-demand basis. These interactive services will be marketed with other traditional basic and premium cable television services under the U S West TeleChoice brand. Programming content for the U S West TeleChoice library are selected and priced by the participating program providers and range from popular movies to documentaries and self-help programs. Interactive video games are priced by U S West.

On December 6, 1994, U S West purchased the Atlanta Cable Properties that serve approximately 486,000 subscribers, including 275,000 premium service subscribers. The Atlanta Cable Properties serve about 65 percent of the cable customers in the metropolitan Atlanta area. U S West plans to eventually offer local exchange telecommunications in addition to multimedia services in Atlanta.

In September 1995, it was announced that U S West was in discussions with Nynex, Pacific Bell and Bell Atlantic about the possibility of joining their Tele-TV multimedia/programming venture.

U S West Marketing Resources Group is a subsidiary of U S West that provides marketing information and services to bring buyers and sellers together. It is one of the largest telephone directory publishers in the United States.

U S West has various international ventures, including investments in cable television and telecommunications, wireless communications, directory publishing, and international networks. In 1994, U S West completed its purchase of Thomson Directories, a publisher of 155 telephone directories that reach 80 percent of the households in the United Kingdom. The corporation also purchased 49 percent of Listel, a Brazilian company that produces telephone directories. U S West also publishes 30 business-to-business telephone directories in the major cities of Poland. At the end of 1994, U S West had distributed more than 1.7 million of these directories in Poland.

U S West acquired a minority interest in Binariang Sdn Bhd, a Malaysian telecommunications company that holds four licen-

Overview (continued)

ses that enable it to become a second network operator in Malaysia.

U S West's TeleWest partnership with Tele-Communications (now TCI) is a cable television/telephone business, and is the largest provider of combined cable-television and telephone service in the United Kingdom. Cable television subscribers of TeleWest and its affiliates increased 42% to 320,000 at year-end 1994, and telephone access lines increased 94% to 271,000.

In October 1995, U S West announced plans to invest about $70 million in a joint venture to upgrade telephone services in Indonesia. U S West (holding a 35 percent stake in the venture) will be partnering with Indonesian companies, including PT Artimas Kendana Murni.

U S West's wireless communications businesses in Europe counted over 367,000 customers at the end of 1994, triple the number in 1993. The top one is its Mercury One-2-One partnership in the United Kingdom, which was serving 205,000 PCS customers at the end of 1994.

Telephone Operations

U S WEST COMMUNICATIONS
1801 California Street
Denver, CO 80202
(303)896-1111

A. Gary Ames, President and Chief Executive Officer

Serves customer lines in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming, Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Oregon, and Washington.

Cellular Mobile Telephone and Paging Operations

U S WEST NEWVECTOR GROUP INC.
3350 161st Avenue SE
Bellevue, WA 98008-1329
(206)747-4900

John E. DeFeo, President and Chief Executive Officer

U S West NewVector Group manages cellular and paging services in the United States and coordinates and directs wireless communications strategy across U S West. Its major subsidiary, U S West Cellular, is one of the 10 largest cellular companies in the U.S. It markets cellular services in 26 metropolitan and 22 rural markets in 13 Midwestern, Western and Southwestern states. U S West NewVector resells packaged paging services for their customers.

Other Operations

ADVANCED COMMUNICATIONS SERVICES
150 South 5th Street, Suite 3300
Minneapolis, MN 55402

Catherine Hapka

Markets customer solutions for private and public wideband transport services, local area network interconnect and host access applications, including SMDS, frame relay and transparent LAN services.

ADVANCED TECHNOLOGIES
4001 Discovery Drive
Boulder, CO 80303
(303)541-4000

Will Smith

Provides applied research and development for new products, services and systems for U S West's domestic and international business units.

Other Operations (continued)

BUSINESS & GOVERNMENT SERVICES
150 South 5th Street, Suite 3000
Minneapolis, MN 55402
(612)663-3300

Bill Cobb

Provides integrated voice, data and video network solutions to meet the needs of large business customers, federal governments agencies and public organizations throughout U S West Communications' 14-state region.

CARRIER MARKET UNIT
1801 California Street, Room 2460
Denver, CO 80202
(303)896-0884

Bob Hawk

Provides long-distance and wireless companies with private-line transport services connections to the local telephone network and information and billing services.

DIRECTORY PRINTING
198 Inverness Drive West
Englewood, CO 80112
(800)879-7071

Julie Stout

Single source supplier of perfect bound directories and catalogs.

EXCHANGE CARRIER SERVICES
150 South 5th Street, Room 510
Minneapolis, MN 55402
(612)663-7188

Beth Halvorson

Provides telecommunications services to independent local exchange telephone companies in U S West Communications' 14 states.

GROWTH DIVISION
1801 California Street, Suite 4520
Denver, CO 80202
(303)965-1743

Dave Hinshaw

Focuses on growth opportunities and the company's technological response.

HOME AND PERSONAL SERVICES
5090 North 40th Street
Phoenix, AZ 85018
(602)351-5000

Jane Evans

Develops product and service solutions for residential and home-based customers that anticipate their future needs.

INFORMATION TECHNOLOGIES
1475 Lawrence Street
Denver, CO 80202
(303)541-4000

Will Smith

Leads the modernization of integrated information engineering and software engineering efforts within U S West Technologies and leads the corporation's efforts to develop and deploy cost-effective operations systems and applications.

INTERNATIONAL NETWORKS
Nightgale House
65 Curzon Street
London W1Y 7PE UNITED KINGDOM
44-714958484

Wayne Robins

Develops network opportunities such as transmission and switching services in the international marketplace.

MARKET SERVICES ORGANIZATION
1801 California Street, 44th Floor
Denver, CO 80202
(303)965-1252

Linda Pancratz

Provides marketing services including economic costs models and market studies, custom system pricing, pricing strategy, cross market strategy integration, and witness and regulatory implementation.

Other Operations (continued)

MARKETING RESOURCES PLUS
555 Twin Dolphin Drive, Suite 350
Redwood City, CA 94065
(415)494-3900

Dennis McNeill

Provides software solutions to the advertising, marketing and media industries.

NETWORK & TECHNOLOGY SERVICES
1801 California Street, Room 4540
Denver, CO 80202
(303)896-1103

Jerry Johnson

Provides network service delivery, designed services process management, CPE, OCS, and Coin. Provides network capacity provisioning, capacity management, service assurance, broadband deployment, infrastructure process management, and National Emergency Preparedness.

OPERATOR & INFORMATION SERVICES
1801 California Street, Room 1210
Denver, CO 80202
(303)896-8451

Dave Miller

Generates direct mechanized and operator assisted revenues, directory assistance access and listing revenues and supports indirect toll and access charge revenues of the core business.

PUBLIC POLICY
1600 Bell Plaza, Room 3101
Seattle, WA 98191
(206)346-5000

Jim Stever

Plans, integrates and implements public policy objectives to meet company-wide legislative and regulatory strategies. Manages the development and execution of a corporate-wide public policy agenda. Ensures resolution of public policy issues that are inconsistent across entities.

SERVICE UNITS
1801 California Street, Room 4540
Denver, CO 80202
(303)896-7433

Jim Helwig

Provides financial and cash planning and analysis, financial reporting and compliance, accounting services, regulatory financial support and revenue operations. Provides computing services, operates mini and mainframe computers, operates internal data networks, and provisions internal communications.

SMALL BUSINESS SERVICES
20 East Thomas, 14th Floor
Phoenix, AZ 85012
(602)630-6000

Jim Smith

Market communications services and systems to meet the survival and growth needs of small businesses.

SPECTRUM ENTERPRISES INTERNATIONAL
Nightingale House
65 Curzon Street
London W1Y 7PE UNITED KINGDOM
44-714958484

Steven E. Andrews, President

Implements U S West's international radio communications interests.

TELEWEST INTERNATIONAL
4643 South Ulster Street, Suite 1180
Denver, CO 80237
(303)488-7088

Gary Bryson

Provides cable television and telecommunications services in the international market.

Other Operations (continued)

U S WEST BUSINESS RESOURCES
188 Inverness Drive West
Englewood, CO 80112
(303)397-8000

Peggy R. Milford

Provides services in fleet, flight, real estate, office services, and material management and administers the Minority and Women Business Enterprise initiative.

U S WEST DIRECT
198 Inverness Drive West
Englewood, CO 80112
(303)784-1100

Robba Benjamin, President and Chief Operating Officer

Publishes more than 300 white and yellow page directories in 25 states.

U S WEST ENHANCED SERVICES INC.
1999 Broadway, 6th Floor
Denver, CO 80202
(303)294-1600

Jeri Korshak, President

Conceives, develops and markets advanced fax, voice and information services.

U S WEST INTERNATIONAL AND BUSINESS DEVELOPMENT GROUP
9785 Maroon Circle, Suite 210
Englewood, CO 80112
44-714958484

Jean-Bernard Miellet

Identifies and develops international opportunities for U S West and its subsidiaries.

U S WEST INTERNATIONAL - RUSSIA AND LITHUANIA
Krasnopresnenskaya
Naberezhnaya 12, Suite 809
Moscow, RUSSIA
70-952532058

Vic Pavlenko

Oversees U S West investments in Russian cellular and gateway switch operations.

U S WEST MANAGEMENT INFORMATION SERVICES
181 Inverness Drive West
Englewood, CO 80112
(303)643-2500

Bill Bien

Provides computing, project management development, operations, and data communication services. Maintains and enhances existing systems.

U S WEST MARKET INFORMATION PRODUCTS
P.O. Box 455
Loveland, CO 80539-0455
(303)667-0652

David Downes, Vice President

Publishes the Catalist Directory, provides direct mail services and provides database and direct marketing services.

U S WEST MARKETING RESOURCES INTERNATIONAL
10375 East Harvard Avenue, Suite 500
Denver, CO 80231
(303)696-2900

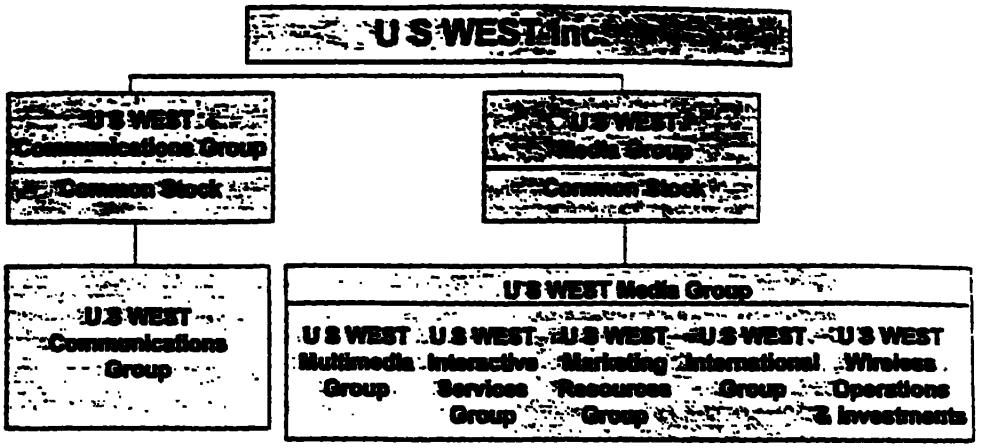
Wallace W. Griffin, President

Develops and operates the international businesses of U S West Marketing Resources.

U S WEST MULTIMEDIA COMMUNICATIONS GROUP
9785 Maroon Circle, Suite 400
Englewood, CO 80112
(303)754-5440

Tom Pardun

Develops broadband network and applications positions with strategic partners. Also manages the Time Warner Entertainment investment.


U S WEST Inc
U S WEST Communications Group
Common Stock
U S WEST Media Group
Common Stock
U S WEST Communications Group
U S WEST Media Group
U S WEST Multimedia Group
U S WEST Interactive Services Group
U S WEST Marketing Resources Group
U S WEST International Group
U S WEST Wireless Operations & Investments

FEDERAL ELECTION COMMISSION
Washington, DC 20463

December 10, 1996

William H. Boger
Wilkinson, Barker, Knauer & Quinn
1735 New York Avenue, N.W.
Washington, D.C. 20006-5209

Re: AOR 1996-49

Dear Mr. Boger:

This refers to your letter received on November 8, 1996, requesting an advisory opinion on behalf of PrimeCo Personal Communications, L.P. ("PrimeCo") concerning the application of the Federal Election Campaign Act of 1971, as amended ("the Act"), and Commission regulations to the relationship between a political committee established by PrimeCo and other political committees.

On December 5, 1996, you and Jonathan Levin of this office discussed the need for further information as to the governance relationship of Air Touch and US West to PrimeCo and as to the correct interpretation of the Partnership Agreement with respect to voting on matters before the Executive Committee. Mr. Levin and you discussed certain specific questions, and you agreed to try to obtain the answers from your client. Mr. Levin stated that he hoped to receive the answers by December 6, if possible. As this letter is sent, we have not received a response to the questions.

As you recall, your extension of time beyond the sixty-day time period contemplated that the Commission would consider this request at the Open Session of January 9, 1997, with an outside date of January 23, in the event that more than one Commission Meeting is required. We understand that you have made determined efforts to obtain those responses on an expedited basis, and we appreciate those efforts. However, in order to give the Commissioners enough time to consider the proposals of this office, during the holiday season, and still meet the goal of a January 9 meeting, this office will need responses to the questions very soon. Please contact Jonathan Levin of this office in order to arrange a date certain for the responses.

Thank you for your consideration of this matter. In view of the above-stated exigency, this letter is being sent by fax.

Sincerely,

Lawrence M. Noble
General Counsel

By: _____
N. Bradley Litchfield
Associate General Counsel

Wilkinson, Barker, Knauer & Quinn
1735 New York Avenue, N.W.
Washington, D.C. 20006
Phone (202) 783-4141 Fax: (202) 628-1852

TO:	**Jonny Levin**	**Client:**	**6.PCS.11 (391)**
FROM:	**William H. Boger**	**Fax:**	**219-3923**
DATE:	**December 12, 1996**		
RE:	**AOR 1996-49**		

Supplement to
AOR 1996-49

Attached is a copy of our letter mailed this afternoon in response to your questions.

Total Pages 5 **Sent by: LBR**

WILKINSON, BARKER, KNAUER & QUINN

LAW OFFICES
1735 NEW YORK AVENUE, N.W.
WASHINGTON, D. C. 20006-5209
(202) 783-4141

TELECOPIER
(202) 783-5851
(202) 833-2360

BERLIN OFFICE
GOETHESTRASSE 31
60313 FRANKFURT A.M., GERMANY
011-49-69-20878
011-49-69-297-8453 TELECOPIER

December 12, 1996

Mr. N. Bradley Litchfield
Associate General Counsel
Office of the General Counsel
999 E Street, N.W.
Washington, D.C. 20463

Re: AOR 1996-49

Dear Mr. Litchfield:

On behalf of our client, PCS PrimeCo Personal Communications, Inc., this letter is a response to Mr. Noble's December 10, 1996 letter, and to the questions Mr. Levin communicated to me by telephone on December 5, 1996, regarding AOR 1996-49.

1. Affiliation of AirTouch and U.S. WEST with PCS Nucleus

Question (a): Is PCS Nucleus an operating entity?

PrimeCo Response: As indicated in the PrimeCo Partnership Agreement, PCS Nucleus is a partnership between U.S. WEST and AirTouch formed as a holding company. PCS Nucleus is a vehicle for investments by the partners in PCS ventures of mutual interest, but is not an operating entity with officers or employees.

Question (b): Whether or not PCS Nucleus is a shell entity, does either AirTouch or U.S. WEST have greater power or control over the governance of PCS Nucleus and how is this evidenced? For example, is this spelled out in any document or agreement, or is there a steering or Executive Committee in place that governs PCS Nucleus such as that which governs PrimeCo?

PrimeCo Response: There is an agreement spelling out the partnership interests of AirTouch and U.S. WEST in PCS Nucleus. As indicated in the PrimeCo Partnership Agreement, this agreement provides that AirTouch and U.S. WEST each have a 50 percent ownership interest in PCS Nucleus. Consistent with these ownership interests, it is my understanding from PrimeCo's attorneys that each party has equal representation and equal voting power concerning the governance of PCS Nucleus.

2. Relationship of PCS Nucleus with PrimeCo

Question: The list of Executive Committee Members submitted by PrimeCo in AOR 1996-49 indicates that there are two representatives from AirTouch and one from U.S. WEST. However, in the event of a disagreement among representatives of a General Partner Section 5.1.7 of the Partnership Agreement provides that voting is controlled by the person designated the "senior representative", but does not specify from which parent corporation. Who is the senior representative for PCS Nucleus? Also, is this person the senior representative for all votes? For example, is the senior representative always a representative from AirTouch, or can it be the U.S. WEST representative?

PrimeCo Response: The facts stated above are correct with respect to the provisions of the PrimeCo Partnership Agreement. However, the Partnership Agreement does not specify: (1) from which parent corporation the "senior representative" shall be picked; (2) whether this person shall be the senior representative for all votes; or (3) that the senior representative shall always be a representative from one or the other owners of PCS Nucleus. Thus far, there has not been a need to utilize the voting procedures and a senior representative for PCS Nucleus has not been picked. The issues identified above will be addressed at the appropriate time.

3. PCS PrimeCo Executive Committee Voting - Deadlocks

Question (a): Sections 5.1.11 and 5.1.12 of the Partnership Agreement set forth the requirements for adoption of a business plan and what happens in the event of a "Deadlock". Section 5.1.12(a) dealing with Deadlocks provides that if informal efforts between the General Partners fail to resolve a dispute, the matter is referred to the CEO of "that partner of the General Partner designated by such General Partner for resolution of the matter". In the post-merger environment, this presumably means either AirTouch's or U.S. WEST's CEO, and the CEO of the combined NYNEX-Bell Atlantic entity.

Section 5.1.12(b) further provides that if the above CEOs are unable to resolve the dispute, it must be referred to the CEOs of the "respective Partner Parent of such Partner". In the post-merger environment, this presumably means all three parent company CEOs--AirTouch, U.S. WEST and NYNEX-Bell Atlantic. Please confirm that this is the way the dispute resolution process works for Section 5.1.12(a) and (b).

PrimeCo Response: The above statements correctly sets forth the way the dispute resolution procedures work for purposes of Section 5.1.12(a) and (b).

Question (b): In the event a deadlock occurs with respect to a vote on the Business Plan, which CEO of the partners of PCS Nucleus (i.e., AirTouch or U.S. WEST) has been given the duty of resolving disputes pursuant to Section 5.1.12(a)? Is this a set responsibility for one or the other CEO, or does it switch back and forth on a regular basis, or is this an ad hoc decision decided on a case-by-case basis?

PrimeCo Response: The PrimeCo Partnership Agreement does not specify which CEO of the partners of PCS Nucleus shall be given the responsibility for resolving a deadlock event pursuant to Section 5.1.12(a), nor does it provide when and how such responsibility would be transferred or shared between the CEOs in question. So far, it has not been necessary to resolve a deadlock under Section 5.1.12(a), and therefore, the CEO responsible for resolving a deadlock has not been chosen. The issues identified above will be addressed at the appropriate time.

Question (e): In the event a deadlock is not resolved by the CEOs designated by Section 5.1.12(a) and this responsibility then falls to all three parent company CEOs pursuant to Section 5.1.12(b), what is the difference between this stage and the previous stage? For example, does it require a unanimous agreement or vote of all three CEOs, or merely a majority vote to resolve the dispute?

PrimeCo Response: Section 5.1.12(b) of the PrimeCo Partnership Agreement provides that if a resolution of the deadlock pursuant to paragraph (a) is not achieved, the responsibility falls on the CEOs of all three parent companies (in the post-merger environment). The difference is that three CEOs should have a better chance of resolving a dispute, especially when the two CEOs delegated this responsibility by paragraph (a) hold sharply divergent views on the matter in question. Paragraph (b) gives the CEOs the flexibility to resolve the deadlock by agreement among themselves and does not specify what method of voting may be used or even that voting is required. Thus far, it has not been necessary to invoke paragraph (b) to resolve a deadlock, and these issues will be decided at the appropriate time.

4. Executive Committee Voting

Question: With respect to Executive Committee voting in general, it appears that unanimity is required for every issue. Is this true? If not, why not?

PrimeCo Response: Unanimity is not required for every issue. Section 5.1.7 dealing with voting provides for disagreement among Executive Committee representatives of a General Partner. In that event, the representative designated "senior" has the controlling vote. Section 5.1.8. provides that an affirmative vote is required for any action of the Executive Committee "except as may be otherwise specifically provided by this Agreement". Section 5.1.12 provides a procedure for resolving a "deadlock event", which is one example of the exception to the general rule contained in Section 5.1.8.

We also note that voting by the Executive Committee is not required for certain business activities. For example, engaging directly or indirectly in the PCS business, or hiring, firing and compensating officers that are not at the Chief Executive Officer, Chief Operating Officer or Chief Financial Officer level (See Section 5.1.9(b) and (h)).

5 Employee Overlap

On page 7 of AOR 1996-49, PrimeCo states that while certain officers and employees of PrimeCo are former employees of the parent corporations there are no informal or formal agreements in place that any of these people will return to their former employers after working at PrimeCo for a set period of time. Is this also the case for non-salary employees?

PrimeCo Response: The statement made on page 7 of AOR 1996-49 applies to all officers and employees of PrimeCo, both salary and non-salary. At present, there are very few non-salary employees (i.e., those employees termed "exempt employees" under the labor laws), and it is our understanding that none of these employees are former employees of any of the parent corporations.

Finally, I would appreciate it if you would incorporate the material we previously sent to your office regarding AirTouch as part of AOR 1996-49. Please do not hesitate to contact me if you have further questions.

Sincerely,

William Boger

William H. Boger

cc: Mr. Jonathan Levin