

## Verizon Buys Cellular One

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A headline in the Nov. 16 Business section incorrectly identified the company that is being bought by Verizon Wireless Inc. The company is Price Communications Corp. (Published 11/17/2000)

By Christopher Stern  
November 16, 2000

Verizon Wireless Inc. has snapped up Price Communications Corp. in a \$2.1 billion deal that will help the New Jersey-based telephone company fill a hole in its cellular business in the southeastern United States.

Verizon Wireless has agreed to pay \$1.5 billion in stock and assume \$550 million in Price debt. The deal depends on Verizon Wireless, now a wholly owned subsidiary of Verizon Communications, making a public stock offering by Sept. 30.

If the IPO, which has already been delayed once, fails to take place by the deadline, either party can call off the deal.

Assuming the deal is completed, Price, which now markets its service under the Cellular One brand, will add 500,000 subscribers to Verizon, mostly in Georgia, Florida, South Carolina and Alabama.

Verizon, formerly known as Bell Atlantic Corp., recently renamed itself after completing its merger with GTE Corp. It is currently the nation's largest wireless carrier, with 26.3 million voice and data customers.

The deal comes just as the Federal Communications Commission is scheduled to auction a huge block of airwaves beginning Dec. 12. Verizon has registered with the FCC to participate in the auction in an effort to fill regional holes in its national coverage. The deal relieves some pressure on Verizon Wireless to bid on spectrum in the Southeast.

One source familiar with auction revenue predicted the upcoming auction could raise as much as \$10 billion. Analysts have grown concerned about the high price some companies have been willing to pay for spectrum at auctions. Airwaves sales in Britain and Germany raised \$80 billion for their respective governments this summer but sent the stock prices of the winning bidders down as investors worried the telecommunications companies had overpaid.

However, subsequent auctions in Italy and Holland were less heated, possibly indicating that wireless companies had learned a lesson and are no longer willing to pay such high fees for airwaves licenses.

Verizon Wireless spokesman Brian Wood said there are significant advantages to acquiring a company instead of bidding for licenses at an auction. "Obviously it's better to get a living, breathing business rather than starting from scratch," Wood said.

But Verizon will face considerable additional expense in acquiring Price, which uses a different communications standard than Verizon.

Wood said that Verizon will build a new network next to Price's existing infrastructure and, over time, convert customers to the new technology. Eventually, each Price customer will need a new handset to make calls.

Legg Mason Wood Walker associate analyst Craig Mallitz estimates it will cost Verizon at least \$100 million to convert the 500,000 customers to the new standard.