



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, OCTOBER 30, 2008
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

JUSTICE DEPARTMENT REQUIRES DIVESTITURES IN VERIZON'S ACQUISITION OF ALLTEL

Divestitures in 100 Cellular Marketing Areas Will Preserve Competition for Consumers of Mobile Wireless Services Throughout 22 States

WASHINGTON — The Department of Justice announced today that it will require Verizon Communications Corp. (Verizon) to divest assets in 100 areas in 22 states in order to proceed with its \$28 billion acquisition of Alltel Corp. The Department said that the transaction as originally proposed would have substantially lessened competition to the detriment of consumers of mobile wireless telecommunications services in those areas, and likely would result in higher prices, lower quality and reduced network investments. The divestitures cover the entire states of North Dakota and South Dakota; large portions of the states of Colorado, Georgia, Kansas, Montana, South Carolina, Utah and Wyoming; and portions of the states of Alabama, Arizona, California, Idaho, Illinois, Iowa, Minnesota, Nebraska, Nevada, New Mexico, North Carolina, Ohio and Virginia.

The Department's Antitrust Division, along with the Attorneys General of the states of Alabama, California, Iowa, Kansas, Minnesota, North Dakota and South Dakota, filed a civil lawsuit today in U.S. District Court for the District of Columbia to block the proposed acquisition of Alltel by Verizon. At the same time, the Department and state Attorneys General filed a proposed settlement that, if approved by the court, would resolve the competitive concerns in the lawsuit. Additionally, as a part of the settlement, the Department filed to modify two existing consent decrees.

"The divestitures required are necessary to protect wireless customers and are among the most extensive required by the Department in a wireless case," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division.

According to the complaint, Verizon and Alltel are significant competitors and each is the other's closest competitor for a significant set of customers in 94 Cellular Marketing Areas (CMAs), as defined by the FCC. The complaint alleges that the proposed transaction would substantially reduce competition for mobile wireless telecommunications services in each of these areas. The proposed settlement requires divestitures in these 94 areas to eliminate the competitive concerns.

Proposed modifications to two existing consent decrees will require Verizon to divest wireless businesses in six additional CMAs. In 1999, the Department challenged the proposed acquisition of GTE Corporation by Bell Atlantic Corporation, which now does business as Verizon, and Bell Atlantic's agreement with Vodafone to create a partnership. The consent decree in that matter, entered in U.S. District Court for the District of Columbia, required the divestiture of mobile wireless businesses in many areas, including 25 CMAs where Alltel purchased the divested businesses. The Department, along with the parties to the Bell Atlantic/GTE/Vodafone consent decree, today filed a request to modify the consent decree to allow Verizon, as a part of its acquisition of Alltel, to reacquire and retain the divested mobile wireless businesses in 22 CMAs, where competition is now sufficiently robust, and to redigest the mobile wireless businesses in three CMAs, where competitive concerns would remain.

In 2006, the Department and the State of Minnesota challenged Alltel's acquisition of Midwest Wireless Holdings, LLC. The consent decree in that matter, entered in U.S. District Court in Minnesota, required the divestiture of mobile wireless businesses in four CMAs where Rural Cellular Corporation (RCC), which was later acquired by Verizon, purchased the divested businesses. One of these CMAs is covered by both the Alltel/Midwest consent decree and the Alltel/Verizon consent decree. The Department, along with the parties to the Alltel/Midwest consent decree, today filed to modify the consent decree to allow Verizon to provisionally acquire those assets, subject to prompt divestiture to a buyer approved by the Department.

Verizon is the second largest mobile wireless telecommunications services provider in the United States as measured by subscribers, serving more than 70 million subscribers in 49 states. In 2007, Verizon earned mobile wireless telecommunications services revenues of approximately \$43 billion. Alltel is the fifth largest mobile wireless telecommunications services provider in the United States as measured by subscribers, and provides mobile wireless telecommunications services to approximately 13 million subscribers in 35 states. In 2007, Alltel earned approximately \$8.8 billion in revenues.

The transaction also is subject to review by the Federal Communications Commission (FCC). The Department has coordinated with the FCC throughout its investigation.

As required by the Tunney Act, the proposed settlement, along with the Department's competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Nancy M. Goodman, Chief, Telecommunications and Media Enforcement Section, Antitrust Division, United States Department of Justice, 1401 H Street, N.W., Suite 8000, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the proposed settlement upon finding that it is in the public interest.

Similarly, in accordance with Department practice, a notice of the motion to modify the Bell Atlantic/GTE/Vodafone consent decree and the Department's consent to the modification also will be published in the Federal Register. Any person may comment on the proposed modification by submitting comments to the address listed above. After the conclusion of a 30-day period for public comment, the United States will within a reasonable period file with the

court copies of any comments that it receives and its response to those comments. Because the proposed modification to the Alltel/Midwest consent decree does not represent a substantive change in the decree's terms or competitive effect, in accordance with Department practice the parties did not request a public comment period.

###

08-970