

AT&T to buy territories from Verizon for \$2.35B

May 9 2009, By PETER SVENSSON , AP Technology Writer

(AP) -- AT&T Inc. said Friday it will buy the assets of Verizon Wireless in 79 mainly rural areas for \$2.35 billion, a deal that will affect more than 1 million subscribers.

Verizon Wireless was forced to sell the service areas, which are spread over 18 states, to satisfy regulatory conditions of its purchase of Alltel Corp. The areas are mainly Alltel territories that overlap with Verizon's own coverage, but also some Verizon territories and areas covered by Rural Cellular, another carrier Verizon bought last year.

Dallas-based AT&T, the country's largest telecommunications company, was the expected winner of the auction for the assets.

AT&T is getting spectrum licenses, cell towers and 1.5 million subscribers in the deal. Since AT&T phones aren't compatible with Alltel or Verizon phones, these subscribers will need new phones to use AT&T's network.

AT&T said the deal is expected to close in the fourth quarter. After that, it will take less than a year to convert the areas to its own network technology, which will require about \$400 million in investment.

The states with areas included in the deal are Alabama, Arizona, California, Colorado, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Tennessee, Utah, Virginia and Wyoming.

AT&T also said it had agreed to sell five Centennial Communications Corp. service areas in Louisiana and Mississippi to [Verizon Wireless](#) for \$240 million. AT&T announced plans to acquire Centennial in November 2008, and the deal is awaiting regulatory approval. AT&T said it expects that the sale of Centennial service areas that overlap with its own will boost the of approval.

Verizon Wireless is a joint venture of Verizon Communications Inc. of New York and Vodafone Group PLC of Britain.

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