

# Verizon Wireless Gobbles Up More Spectrum

Verizon Wireless is acquiring 23 spectrum licenses covering a population of 8 million people in 20 markets in Michigan, Wisconsin, Arkansas, Mississippi, Alabama, and New York. Several of the licenses are in markets where Verizon Wireless already has licenses, and will be used to expand capacity to meet growing demand for voice and data services.

Under the agreement, San Diego, California-based Leap Wireless will transfer its operations and approximately 25,000 customers in Michigan to Verizon Wireless. The transaction is expected to close around the middle of 2005, and is subject to federal regulatory approval.

Bedminster, New Jersey-based Verizon Wireless is the second largest mobile operator in the US, with 43.8 million customers. Over the past year, it has been on something of an acquisition spree. Last November it acquired the PCS spectrum licenses owned by NextWave Telecom for \$3bn. The 10- and 20-megahertz licenses were in the valuable 1.9 gigahertz PCS frequency range, and covered a population of 73 million people.

Last July it won the spectrum license for the New York metropolitan area auctioned by NextWave. Under terms of the deal, Verizon Wireless paid \$930m for the license. The 10 MHz license is in the 1.9 GHz PCS frequency range and covers a population of 20.1 million people in New York City and northern and central New Jersey, as well as Westchester and Rockland counties.

Earlier in July, Verizon Wireless also paid \$418m for the wireless assets of Qwest Communications International. That deal added spectrum in 62 markets, in 14 western and mid-western states, including cities such as Denver, Phoenix, Seattle, and Salt Lake City.

# Powell Heads His Last FCC Meeting

On March 10, FCC Chairman Michael Powell presided over his last open regulatory meeting.

Fellow commissioner Kevin J. Martin made the following comments at the meeting:

“It has been an honor and privilege to work with Chairman Powell. He is a dedicated public servant who has worked tirelessly to improve the state of our communications industry, particularly as an advocate of new technologies. He should be commended for his many accomplishments, which span across every sector under our jurisdiction.”

Powell was appointed to a Republican seat on the FCC by President Clinton in 1997, only one year after Congress passed the landmark 1996 Telecommunications Act. President George W. Bush selected him as chairman in 2001, replacing Democrat William Kennard.

Powell and the Republican majority that gained control of the FCC following Bush's 2000 election brought a different approach to telecommunications and the Internet, aggressively supporting moving voice, video and data transmissions away from the copper legacy networks of the Bells to a variety of minimally regulated broadband platforms.

His regulatory approach was that competition, particularly in the then-nascent broadband industry, was better served by multiple platforms providing bundled packages than the Kennard approach to mandating that the Bells provide open access at government-mandated prices to all competitors. The courts repeatedly sided with Powell.

"He was and is the broadband guy. He established a legacy that history will judge as a success," fellow Republican Commissioner Kathleen Abernathy said.

After a standing ovation from the FCC staff and the audience, hugs from each FCC commissioner, Powell told the press he disliked legacy questions.

"I don't think your legacy usually lives in the issues because they'll change. Three years from now, they'll be some other hot topic besides broadband," Powell said at an impromptu press conference. "What you're really leaving behind is an institution that can endure and adapt, way more than the issue of the day. I never didn't want to get up and not come to work here."

## \$31 Million to AT&T Top Brass If SBC Deal Finalized

Top executives of AT&T Corp. would receive \$31 million in severance pay if the long-distance company's deal to be acquired by SBC Communications Inc. goes through, the AP reports.

The company would have paid an additional \$10.3 million to Chairman and Chief Executive David Dorman if he were not slated to become president of SBC after the merger, according to a filing with the Securities and Exchange Commission.

The filing also detailed millions of dollars' worth of stock options, restricted shares and performance-based shares which will vest earlier than originally intended as a result of the merger. However, the executives also will forfeit some performance shares as a result of the merger.

Dorman will receive early access to \$17.7 million worth of options and shares that he would have received over the next several year.

AT&T President William Hannigan stands to receive the largest cash severance, nearly \$6.5 million. He also would receive early access to restricted and performance-based shares worth nearly \$10 million based on the deal price.

The other big severance payments include \$4.7 million for Thomas Horton, the chief financial officer; \$3.8 million for James Cicconi, the general counsel; and \$4 million for Hossein Eslambolchi, the chief technology officer. Other executive officers would receive a combined \$12 million in severance pay.

## Verizon Online Expands Broadband Access in Philadelphia

As the result of the company's most recent expansion and upgrade of its local telecommunications network, Verizon Online DSL is now available on more than 1,400 additional lines in Philadelphia.

Verizon has invested \$8.5 billion in its network over the last 10 years and will continue to invest aggressively under recently enacted state telecom legislation. The new law requires companies such as Verizon to deploy broadband service across their service areas - the most comprehensive broadband deployment requirement in the nation. Under this legislation, Verizon also must make broadband available to all students throughout the company's Pennsylvania service area.

Currently, Verizon Online is offering its basic consumer DSL service for \$29.95 per month in an annual service plan or when purchased in combination with Verizon Freedom or another Verizon local or long-distance bundle. This service offers a maximum connection speed of 1.5 Mbps (megabits per second) downstream and 384 Kbps (kilobits per second) upstream.