

## CLIENT ALERT

### Justice Department Requires Verizon to Divest Assets to Acquire Alltel

Oct.31.2008

On October 30, 2008, the Department of Justice (DOJ) agreed to back the \$28.1 million merger between Verizon Communications Corp. (Verizon) and Alltel Corp., so long as Verizon divested assets in 100 areas in 22 states where its operations overlap with Alltel's. The DOJ stated that the proposed transaction would have "substantially lessened competition" to the detriment of consumers in those areas and "would likely result in higher prices, lower quality and reduced network investments." Thomas O. Barnett, Assistant Attorney General in charge of DOJ's Antitrust Division, said that "the divestitures required ... are among the most extensive required by the Department in a wireless case." The DOJ, along with Attorneys General of seven states, filed a civil lawsuit to block the proposed acquisition, and simultaneously filed the proposed settlement to resolve the competitive concerns. The complaint states that Verizon and Alltel are each other's closest competitor for a significant set of customers in 94 Cellular Marketing Areas (CMAs), as defined by the FCC. The proposed settlement requires divestitures in these 94 areas. Verizon is the second largest mobile wireless telecommunications services provider in the US; Alltel is the fifth largest service provider. The transaction is subject to review by the Federal Communications Commission (FCC).

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.