PRICE COMMUNICATIONS CORP
Form 10-K
March 31, 2003

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant To Section 13 Or 15(d)
Of The Securities Exchange Act Of 1934

(Mark One)

ý Annual Report Pursuant To Section 13 Or 15(d) of the Securities Exchange Act Of 1934 [Fee Required] For the fiscal year ended December 31, 2002

or

o Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required] For the transition period from to

Commission file number 1-8309.

Price Communications Corporation

(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)	**13-2991700** (IRS Employer Identification Number)
45 Rockefeller Plaza, New York, New York (Address of principal executive offices)	**10020** (Zip code)

Registrant's telephone number, including area code (212) 757-5600
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01 per share	New York Stock Exchange Boston Stock Exchange Chicago Stock Exchange Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to the filing requirements for the past 90 days. Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K. o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ý No o

AGGREGATE MARKET VALUE OF THE VOTING STOCK HELD BY NONAFFILIATES OF THE COMPANY

Aggregate market value of the Common Stock held by non-affiliates of the Company, based on the last sale price on the New York Stock Exchange ("NYSE") on December 30, 2002 ($13.83 as reported in the Wall Street Journal): approximately $525.7 million.

The number of shares outstanding of the Company's common stock as of December 30, 2002 was 54,543,388.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III of this Form 10-K incorporates certain information contained in the registrant's definitive proxy statement filed by the registrant in connection with the registrant's 2003 Annual Meeting of Shareholders.

PART I

Item 1. Business

General

Unless otherwise indicated, all references herein to "Price" and "PCC" refer to Price Communications Corporation and all references herein to the "Company" refer to PCC and its subsidiaries. PCC was organized in New York in 1979 and began active operations in 1981. Its principal executive offices are located at 45 Rockefeller Plaza, New York, New York 10020, and its telephone number is (212) 757-5600. See "Certain Terms" for definitions of certain terms used herein.

Prior to August 15, 2002, Price Communications Corporation was engaged, through its wholly-owned subsidiary Price Communications Wireless, Inc. ("PCW"), in the construction, development, management and operation of cellular telephone systems in the southeastern United States. The Company provided cellular telephone service to subscribers in Georgia, Alabama, South Carolina and Florida in a total of 16 licensed service areas composed of eight Metropolitan Statistical Areas ("MSA") and eight Rural Service Areas ("RSA"), with an aggregate estimated population of 3.4 million.

Contribution of the Company's Wireless Business to the "Verizon Partnership"

On December 18, 2001, the Company agreed to contribute ("the asset contribution") substantially all of the assets of PCW and approximately $149 million in cash to Verizon Wireless of the East (the "Verizon Partnership"), a limited partnership controlled by Cellco Partnership (doing business as "Verizon Wireless"), in exchange for a preferred limited partnership interest (the "Preferred Exchangeable Interest") in the Verizon Partnership. The transaction was consummated on August 15, 2002. As a result of the asset contribution, the Company currently has no operating assets. PCC's shares remain listed on the New York Stock Exchange, the Pacific Stock Exchange, the Boston Stock Exchange and the Chicago Stock Exchange.

The Verizon Partnership assumed liabilities of PCW relating to the contributed business (including the liabilities under PCW's $11^3/_4$% Senior Subordinated Notes due 2007 and $9^1/_8$% Senior Secured Notes due 2006). After giving effect to certain adjustments, as defined in the transaction agreement, PCW's initial capital account approximated $1.112 billion. Pursuant to the Verizon Partnership agreement, PCW is entitled to an allocation of any profits of the Verizon Partnership for a period of up to four years after August 15, 2002 equal to its preferred return, which currently approximates 2.9% per annum. Any losses incurred by the Verizon Partnership will be allocated to Cellco Partnership and its affiliates up to an amount equal to their capital account in the Verizon Partnership before being allocated to PCW. PCW will receive 50% of its preferred return in cash with the balance being added to its capital account.

Under a letter agreement dated August 9, 2002, Verizon Communications provided the Verizon Partnership with $350 million of debt financing which was used in connection with the covenant defeasance and redemption of PCW's Senior Subordinated Notes and Senior Secured Notes. PCW guaranteed the indebtedness. However, PCW is not obligated to make payment under the guaranty until Verizon Communications has exhausted all remedies against the Verizon Partnership. The Company believes that the probability of the guaranty being enforced is remote. Price has guaranteed PCW's obligation under the guaranty, and deposited $70 million in cash and other property into a collateral account to secure the guaranty. Price controls the investment of the assets in the collateral account, has the right to withdraw certain sums such as dividends, interest, and earnings on investments from the account, and has the right, in addition, to withdraw up to $5 million in the aggregate from the account to cover its ordinary operating expenses. Price and Verizon Communications further agreed that Price retain its cash existing at the closing of the asset contribution for the purpose of making such investments, as Price deems appropriate.

The Preferred Exchangeable Interest was exchangeable for common stock of either Verizon Wireless Inc. (if a qualifying initial public offering of Verizon Wireless occurred by August 15, 2006) or Verizon Communications Inc. (if, in general, such an offering does not occur). At the time PCC negotiated the transaction with Verizon, PCC's board of directors and management thought it possible that a qualifying initial public offering of Verizon Wireless would occur and that, consequently, PCC would probably receive Verizon Wireless common stock. On January 29, 2003, however, Verizon Wireless announced the withdrawal of its registration statement for an initial public offering of its common stock, given Verizon Wireless' ongoing strong cash flow and lack of significant funding requirements. Moreover, since PCC entered into its transaction with Verizon, PCC has received no other indications as to if or when a Verizon Wireless public offering might occur. As a result, PCC does not believe that such an offering will take place in the foreseeable future. PCC consequently expects that the Preferred Exchangeable Interest will be exchanged for common stock of Verizon Communications in approximately August 2006. If this happens, the number of shares of Verizon Communications common stock issued to PCC would equal the amount of PCW's capital account in the Verizon Partnership divided by the 20-day average closing price of Verizon Communications common stock, but such price may not be less than $40 or more than $74. If PCC receives Verizon Communications shares in August 2006, the Verizon Communications shares would, under the terms of PCC's lockup agreements with Verizon, become eligible for distribution to PCC's shareholders in approximately August 2007. Since PCC expects to receive Verizon Communications stock in approximately August 2006, the discussion under "Business-General-Contribution of the Company's Wireless Business to the Verizon Partnership" does not address other possibilities. Reference is made to "Management's Discussion and Analysis of Financial Condition and Results of Operations- Overview" and Note 2 to the Company's Consolidated Financial Statements for further discussion of the exchange of the Preferred Exchangeable Interest for shares of Verizon Wireless Inc. or Verizon Communications Inc. common stock.

Under PCC's proxy statement for its 2003 annual meeting of shareholders, PCC is conducting a non-binding, advisory vote of its shareholders permitting shareholders to express their views as to whether the Company should begin now to follow a liquidation strategy with a view toward the liquidation of the Company in the years ahead, or as an alternative to a liquidation strategy, the Company's management should currently begin to seek to acquire another business that meets the economic and fiduciary requirements of the board of directors. Since this is only a non-binding, advisory vote for the purpose of providing guidance to the board of directors and management, the outcome of this advisory vote will be only one factor considered by the board of directors and management in determining their views regarding the proper future course to be followed by the Company. Regardless of the outcome of the vote, the board of directors and management have the right, consistent with their fiduciary duties and exercise of their business judgment, to recommend to the shareholders that the Company be liquidated (subject to the requisite vote of at least $66^2/_3$% of the Company's outstanding shares at a future meeting of shareholders), to seek other potential business opportunities, or to follow another course of action with respect to the Company's future.

Under New York State law, the affirmative vote of the holders of at least $66^2/_3$% of PCC's outstanding shares will be required at a future shareholders' meeting to approve a liquidation of the Company. In recent votes of PCC's shareholders between 7.3% and 15.1% of PCC's shareholders have failed to vote (if such failure to vote occurs at such a future meeting of PCC's shareholders it will be more difficult to reach the $66^2/_3$% affirmative vote required to approve liquidation). The holders of approximately 30% of PCC's outstanding common shares (including Robert Price, the Company's chief executive officer, members of his family, other officers and directors of the Company, and other shareholders who have volunteered their opinions) have indicated to PCC that they currently oppose a liquidation strategy and may continue to do so in the future. The board of directors consequently believes that it may be difficult at any future shareholders meeting to obtain the necessary votes to approve liquidation.

The Company and Mr. Price (in his capacity as chief executive officer of the Company and in his personal capacity) have been shown a variety of potential acquisitions and opportunities. These include the purchase of a mutual fund management company, banks, cellular properties, independent telephone companies, broadcasting and or/ publishing companies and a proposal for the conversion of the Company into a closed-end investment company.

The Company's board of directors has unanimously recommended that the shareholders vote for beginning to seek a new business in the non-binding, advisory vote. In reaching this conclusion, the board considered the following material factors:

on January 29, 2003, Verizon Wireless announced the withdrawal of its registration statement for an initial public offering of its common stock, given its strong cash flow and lack of significant funding requirements;

if the Company determines to follow a liquidation strategy, its activities prior to liquidation will be limited to the ownership of the Preferred Exchangeable Interest, with the result that the Company will not be able to take advantage of other opportunities to maximize shareholder value during what may be a prolonged period of time before liquidation even becomes possible;

if the Company determines to seek another business to add to the Company, the board of directors will have the ability to attempt to maximize shareholder value through the acquisition of a business that meets the board's economic and fiduciary requirements;

there can be no assurance that the Company will identify or succeed in acquiring a business that meets its economic and fiduciary requirements or that such an acquisition, if consummated, will be profitable;

if the Company is not liquidated within one year following an exchange for shares of Verizon stock, and the Company decides to sell such shares or distribute them to the shareholders, the Company and/or its shareholders may incur substantial tax liability on any such sales or distributions; and

if the Company determines to seek another business but such business is not acquired by the Company; the board will still have the flexibility to recommend liquidation to the shareholders, if the board determines that liquidation is in the best interests of the Company.

The Company has accounted for the Preferred Exchangeable Interest using the equity method of accounting. The initial investment on the Company's balance sheet equaled the credit in its capital account on the Verizon Partnership's financial statement. Thereafter, the Company will increase its investment by the amount of income it is entitled to based on the availability of profits and the agreed upon preferred rate of return and reduce its investment balance by any cash distributed by the Verizon Partnership to the Company.

Business of The Verizon Partnership

The business of the Verizon Partnership consists of the ownership and operation of all of the assets contributed by PCW and Cellco Partnership and its subsidiaries to the Verizon Partnership. PCW has contributed substantially all of its assets and approximately $149 million in cash, and Cellco Partnership and its subsidiaries have contributed an aggregate 85% partnership interest in Orange County-Poughkeepsie Limited Partnership (including the general partner interest and its associated management rights), certain FCC licenses, a $500 million 6.14% promissory note receivable and approximately $235 million in cash.

The operations of the Verizon Partnership will be closely integrated with Cellco Partnership's other wireless telecommunications assets. Cellco Partnership intends to provide or arrange for the provision of certain services to the Verizon Partnership in connection with its business. These services may include: (i) administrative, accounting, billing, credit, collection, insurance, legal, purchasing, clerical

and such other general services as may be necessary to administer the Verizon Partnership; (ii) design, engineering, optimization, implementation, surveillance, maintenance, repair and such other technical services as may be necessary to operate the Verizon Partnership's wireless network; and (iii) assistance in the preparation of filings with regulatory authorities and in the negotiation of transactions with respect to the FCC licenses owned by the Verizon Partnership.

The Company's Contributed Assets

As of August 15, 2002, the date of the asset contribution, PCW provided cellular telecommunications service in Alabama, Florida, Georgia and South Carolina in a total of 16 licensed service areas, composed of eight MSAs and eight RSAs, with an aggregate population of approximately 3.4 million. The Company sold its cellular telecommunications service as well as a full line of cellular products and accessories principally through its network of retail stores. The Company marketed all of its products and services under the nationally recognized service mark CELLULARONE. The Verizon Partnership intends to eventually convert these markets to the "Verizon Wireless" brand name.

PCW's cellular telecommunications systems serviced contiguous licensed service areas in Georgia, Alabama and South Carolina. PCW also had a cellular service area in Panama City, Florida. The following table sets forth, with respect to each service area in which PCW previously owned a cellular telecommunications system, which system is currently owned and operated by the Verizon Partnership, the estimated population and, for each MSA, its national ranking.

Service Area	**MSARank**	**Estimated Population(1)**
Albany, GA	261	120,822
Augusta, GA	108	452,846
Columbus, GA	153	250,929
Macon, GA	138	322,544
Savannah, GA	155	293,000
Georgia-6 RSA		211,408
Georgia-7 RSA		139,606
Georgia-8 RSA		166,601
Georgia-9 RSA		124,063
Georgia-10 RSA		162,261
Georgia-12 RSA		220,558
Georgia-13 RSA		157,068
Dothan, AL	246	137,916
Montgomery, AL	139	333,065
Alabama-8 RSA		196,259
Subtotal		3,288,946
Panama City, FL	283	148,217
Total		3,437,163

(1) Based on population estimates from U.S. Census 2000.

Seven MSAs, Montgomery and Dothan, Alabama and Macon, Columbus, Albany, Augusta and Savannah, Georgia, make up the core of the Georgia/Alabama cluster. Additional cellular service areas in this region including the Georgia-9 RSA, Alabama-8 RSA, Georgia-7 RSA, Georgia-8 RSA, Georgia-10 RSA, Georgia-12 RSA, Georgia-13 RSA and the Georgia-6 RSA. The Augusta, Georgia MSA includes Aiken County in South Carolina. In the aggregate, these markets cover a contiguous service area of approximately 38,000 square miles that includes Montgomery, the state capital of Alabama, prominent resort destinations in Jekyll Island, St. Simons Island and Sea Island, Georgia, and

over 710 miles of interstate highway, including most of 1-95 from Savannah, Georgia to Jacksonville, Florida. Substantial roaming revenue is earned from cellular telephone subscribers from other systems traveling in these markets from nearby population centers such as Atlanta and Birmingham, as well as from vacation and business traffic in the southeastern United States. Due in part to the favorable labor environment, moderate weather and relatively low cost of land, there has been an influx of new manufacturing plants in this market.

The Verizon Partnership now owns the non-wireline cellular license for the Panama City, Florida market. Substantial roaming revenue is earned in this market from subscribers from other systems who visit Panama City, a popular spring and summer vacation destination.

Cellco Contributed Assets

Orange County-Poughkeepsie Limited Partnership

The Orange County-Poughkeepsie Limited Partnership ("OCP") operates as a wholesale provider of wireless services in the Orange County, NY MSA and the Poughkeepsie, NY MSA. As a wholesale provider, OCP owns and operates a cellular telecommunications network and sells lines of service to reseller companies who in turn sell to individual subscribers. The OCP cellular system became operational in 1987.

OCP was formerly owned 85% by NYNEX Mobile Limited Partnership 2 (which is beneficially owned 100% by Cellco Partnership) and 7.5% by each of Taconic Telephone Corporation and Warwick Valley Telephone Company. In conjunction with the asset contribution, NYNEX LP2 transferred its 85% interest to the Verizon Partnership, an affiliate entity. Cellco Partnership presently acts as the general partner, which makes all decisions and is empowered to do or cause to be done all acts necessary for the operation of OCP and also as a limited partner.

OCP operates using two wireline cellular licenses on the 800 MHZ frequency band. The licenses cover the two MSA markets stated above. Orange County is listed by the FCC as MSA 144, with a population of over 341,000, a population density of approximately 414 persons per square mile and a median household annual income over $40,000. Poughkeepsie is listed by the FCC as MSA 151, with a population of over 280,000, a population density of approximately 348 persons per square mile and a median household annual income over $40,000.

As a wholesale provider, OCP does not have its own retail subscribers but instead sells lines of service to reseller companies. The main reseller is Cellco Partnership. Because OCP operates on a wholesale basis only, it does not operate any retail stores directly or contract with any agents for the retail distribution of cellular service or wireless communication devices.

All services and network operations are performed on behalf of OCP by employees of Cellco Partnership managed through the Cellco Partnership regional and area operations groups. OCP does not have any employees.

The partners make capital contributions, share in the operating results and receive distributions from OCP in accordance with their respective ownership percentages.

FCC Licenses

Cellco Partnership contributed to Verizon Wireless of the East the FCC licenses which provide broadband PCS wireless communications services within the Macon, Georgia Basic Trading Area ("BTA"), and all of Cellco Partnership's rights, title and interest in the FCC license which provides broadband wireless communications service within a portion of the Atlanta, Georgia BTA. These licenses authorize operation on the 10MHz E block spectrum constituting the 1885-1890 MHz and 1965-1970 MHz frequency bands.

Integration with the "Verizon Wireless" Business

Cellco Partnership (doing business as "Verizon Wireless") is the leading wireless communications provider in the United States in terms of the number of subscribers, revenues and operating cash flow and offers wireless voice and data services across the most extensive wireless network in the United States.

Cellco Partnership's four strategic objectives are to: (1) expand its revenue base by increasing penetration in existing service areas and encouraging greater usage among its existing customers, (2) provide high-quality customer service to create and maintain customer loyalty, (3) enhance performance by aggressively pursuing opportunities to increase operating efficiencies and (4) expand its regional wireless communications presence by selectively acquiring additional interests in cellular telephone systems (including minority interests).

The operations of the Verizon Partnership will be closely integrated with the operations of Cellco Partnership.

The Verizon Partnership's services will be marketed under the "Verizon Wireless" brand name. Cellco Partnership's studies have found that its brand awareness is over 90% among wireless users and prospective customers.

The Verizon Partnership's marketing will be coordinated by and integrated with Cellco Partnership's national marketing campaign. Cellco Partnership's marketing efforts are focused on a coordinated program of television, print, radio, outdoor signage, internet and point of sale media promotions. Cellco Partnership coordinates marketing efforts throughout its service area, which includes the Verizon Partnership's service area, to ensure that its marketing message is uniformly presented across all of its markets. In particular, the Verizon Partnership will adopt the Cellco Partnership pricing plans, which include its national America's Choice plans, which appeal to nationwide travelers, its Corporate America's Choice national plans, for large corporate customers, and prepaid plans that appeal to new users and various other business and consumer segments.

The Verizon Partnership's sales and distribution will be integrated with and coordinated by Cellco Partnership. The Verizon Partnership's sales strategy will be consistent with that of Cellco Partnership's sales strategy-to use a mix of direct, indirect and resale distribution channels in order to increase customer growth while reducing customer acquisition costs. The Verizon Partnership has maintained the stores previously owned by the Company. The Verizon Partnership will also rely upon Cellco Partnership's indirect channels to maintain an extensive distribution system.

The Verizon Partnership's customer care will be integrated with and coordinated by Cellco Partnership. Customer care, retention and satisfaction are essential elements of the Verizon Partnership's and Cellco Partnership's strategies. Through Cellco Partnership's customer care network, the Verizon Partnership will offer customer care twenty-four hours a day/ seven days a week.

The systems contributed by the Company will be converted from time division multiple access, or TDMA, to code division multiple access, or CDMA. The network contributed by PCW used a wireless transmission standard known as TDMA. Cellco Partnership's digital network uses a wireless digital transmission standard known as CDMA. These two digital technologies are not compatible. Accordingly, the Verizon Partnership intends to convert the Company's contributed TDMA network and handsets used by the Company's subscribers to CDMA. Pursuant to the terms of the limited partnership agreement (1) all losses realized upon the sale, disposition or write-off of any assets in connection with the conversion and (2) all costs of purchasing handsets to be provided to then existing customers in connection with the conversion will be specifically allocated to the capital accounts of the subsidiaries of Cellco Partnership which are partners of the Verizon Partnership and such costs will not affect the computation of the preferred participation of PCW. The foregoing two categories do not include all of the costs to be incurred as a result of the conversion. In addition, disruptions to service resulting from the conversion may have an effect on the operations of the Verizon Partnership.

The Verizon Partnership's information systems will eventually be integrated with and provided by Cellco Partnership. Initially, the Verizon Partnership will rely on many of the systems previously used by the Company when the Company was operating the cellular business. The Verizon Partnership intends to gradually transition from these systems to Cellco Partnership's information systems. The Verizon Partnership's information systems will eventually include billing, point of sale, provisioning, customer care, data warehouse, and fraud detection and prevention.

Competition

There is substantial competition in the wireless telecommunications industry. The Verizon Partnership expects competition to intensify as a result of the consolidation of the industry, the entrance of new competitors, the development of new technologies, products and services, the auction of additional spectrum and regulatory changes. Other wireless providers, including other cellular and PCS operators and resellers, serve each of the markets in which the Verizon Partnership operates. ALLTEL is the principal competitor in most of the markets contributed by PCW, with Public Service Cellular and or Cingular Wireless competing in six of the contributed markets. OCP, however, is a wholesale provider of wireless services and thus does not compete directly for individual subscribers. OCP does compete, however, with the other wireless licensees in its service areas for resellers. In addition, the impact of such competition on OCP's resellers affects their use of OCP's wireless services. OCP's principal competitor in the wholesale wireless business is American Cellular, a joint venture between Dobson Communications and AT&T Wireless.

Brand recognition. The Verizon Partnership's retail wireless services in the Company's former markets will eventually be marketed under the "Verizon Wireless" brand, which was introduced in April 2000 and has developed strong brand recognition. In these markets, there are brands that are well established and may have even greater brand recognition.

Network coverage. In recent years, competition in the wireless industry has led to lower prices and to the popularity of pricing plans that do not charge for roaming. As a result, the ability to offer national coverage through one's own network is important. The ability to provide service over a single network also offers other advantages, including the ability to ensure uniform performance and the availability of features throughout the country, as many features are not fully available through roaming partners. Through the integration of the Verizon Partnership's network with Cellco Partnership's network, the Verizon Partnership believes that it will realize the benefits of Cellco Partnership's network. None of the competitors of the Verizon Partnership have as extensive a network in the former Company's markets as Cellco Partnership does, and most have build-out needs, although some have affiliate relationships with other wireless providers.

Digital service. Digital service offers benefits to the customer and also permits a network to have greater capacity. Neither the Verizon Partnership's nor Cellco Partnership's network is fully digital yet, while some competitors in the Company's former markets have fully digital networks. In addition, those competitors with fully digital networks generally achieve higher revenue per subscriber.

Technology. CDMA, global system for mobile communications ("GSM"), and TDMA each have their respective strengths and weaknesses. The Verizon Partnership believes that CDMA digital technology provides approximately eight times greater capacity than that of analog technology. CDMA has proven in the marketplace that it can provide significant operating and cost efficiencies. CDMA is also currently used by several other wireless providers in the United States, providing additional potential CDMA roaming partners and ensuring continued support and development of CDMA handsets and network equipment by manufacturers. While the Verizon Partnership believes that CDMA has competitive advantages, proponents of GSM and TDMA believe that those systems provide different advantages. AT&T Wireless and Cingular Wireless, two of the leading wireless providers in the United States, use TDMA while GSM is used throughout Europe, although Voice Stream Wireless Corporation is the only major wireless provider in the United States that exclusively uses GSM. AT&T Wireless and Cingular Wireless have announced an intention to add a GSM-overlay to its network, which will increase the use in the United States.

Capital Resources. In order to expand and build-out networks and introduce next generation services, wireless providers require significant capital resources. Many of the Verizon Partnership's retail competitors in the markets previously owned by the Company are better capitalized and have significantly greater operating cash flow. While the Verizon Partnership's indirect majority owner, Cellco Partnership, is well capitalized and has more operating cash flow than any other wireless provider, Cellco Partnership has no obligation to fund the Verizon Partnership's capital needs.

As a result of competition, the Verizon Partnership also expects that it will need to increase its advertising and promotional spending above levels previously incurred by the Company to respond to competition. The Verizon Partnership's ability to anticipate and respond to various competitive factors will depend in part on its marketing efforts and on its ability to anticipate and respond to various competitive factors affecting the industry, including new services and technologies, changes in consumer preferences, demographic trends, economic conditions and pricing strategies by competitors.

Environmental Matters

The Verizon Partnership is subject to various federal, state and local environmental protection and health safety laws and regulations, including those related to the location and construction of transmitter towers, and will incur costs to comply with those laws. Although the Verizon Partnership currently anticipates that such compliance will not materially adversely affect it, there is no assurance that material costs in the future will not be incurred due to the discovery of new facts or conditions, the occurrence of new releases of hazardous materials or a change in environmental laws.

Intellectual Property

Verizon Communications owns the trademarks issued for "Verizon" and "Verizon Wireless" and some service offerings, such as "SingleRate," that the Verizon Partnership intends to use. Verizon Communications has licensed these and other marks to Cellco Partnership on a non-exclusive basis until $2^1/_2$ years after it ceases to own any interest in Cellco Partnership or Cellco Partnership begins to use a different brand name. Neither Verizon Communications nor Cellco Partnership has any obligation to permit the Verizon Partnership to use these trademarks and could require the Verizon Partnership to discontinue their use at any time.

Regulations and Broadband Wireless Service Systems

The licensing, construction, operation, acquisition and transfer of wireless systems in the United States are regulated by the FCC pursuant to the Communications Act of 1934, as amended by the Telecommunications Act of 1996 and other legislation and the associated rules, regulations and policies promulgated by the FCC. Wireless systems are subject to Federal Aviation Administration and FCC regulations governing the location, lighting and construction of transmitter towers and antennas and are subject to regulation under federal environmental laws and the FCC environmental regulations, including limits on radio frequency radiation from mobile handsets and antennas. State or local zoning and land use regulations also apply to tower siting and construction activities.

A cellular system operates on one of two 25 MHz frequency blocks, known as the "A" and "B" blocks, in the 850 MHz band that the FCC allocates for cellular radio service. Cellular systems principally are used for two-way mobile voice applications, although they may be used for data applications and fixed wireless services as well. Cellular licenses are issued for either MSAs or RSAs, two in each area. The FCC may prohibit or impose conditions on sales or transfers of licenses. Initial operating licenses are generally granted for terms of up to 10 years, renewable upon application to the FCC. Licenses may be revoked and license renewal applications denied for cause after appropriate notice and hearing. The Company also used common carrier point-to-point microwave facilities to connect its wireless cell sites and to link them to the main switching office. Where it used point-to-point microwave facilities, the FCC licensed these facilities separately, and they are subject to regulation as to technical parameters and service. Microwave licenses must also be renewed every 10 years. The markets contributed by the Company were all considered cellular operating systems.

The Verizon Partnership holds geographic service area licenses granted by the FCC which provide personal communications service ("PCS"). While most of the Verizon Partnership's competitors hold cellular or PCS licenses, one of its principal competitors, Nextel Communications, provides wireless service on frequencies allocated to the "Specialized Mobile Radio" service. The Verizon Partnership does not hold specialized mobile radio licenses.

A broadband PCS system operates on one of six frequency blocks in the 1800-1900MHz bands that the FCC allocated for personal communications services. PCS systems generally are used for two-way voice applications although they may carry data communications and fixed wireless services as well. For the purpose of awarding PCS licenses, the FCC has divided the country into 51 large regions called major trading areas, which are comprised of 493 smaller regions called basic trading areas. The FCC awarded two PCS licenses for each major trading area, known as the "A" and "B" blocks, and four licenses for each basic trading area known as "C", "D", "E" and "F" blocks. The two major trading area licenses authorize the use of 30 MHz of PCS spectrum. One of the basic trading area licenses is for 30 MHz of spectrum, and the other three are for 10 MHz each. The Verizon Partnership holds "E" block 10 MHz PCS licenses for the Macon, GA BTA and for a portion of the Atlanta, GA BTA.

Spectrum Acquisitions

As is the case with many other wireless providers, the Verizon Partnership anticipates that it may need additional spectrum to meet future demand. The Verizon Partnership can attempt to meet its needs for new spectrum, in two ways, by acquiring spectrum held by others and by acquiring new spectrum licenses from the FCC. The Communications Act requires the FCC to award new licenses for most commercial wireless services to applicants through a competitive bidding process. If the Verizon Partnership needs additional spectrum, it may be able to acquire that spectrum through Cellco Partnership, if Cellco Partnership participates in an auction for any new licenses that may become available or by purchasing existing facilities and then contributing or selling such licenses or facilities to the Verizon Partnership for incorporation into its system. There can be no assurances that the Verizon Partnership will be able to acquire spectrum to meet its projected needs on a timely basis or at all, given the competition for licenses among commercial mobile radio service providers and others seeking to become mobile radio service providers.

Recent Federal Regulatory Developments

The FCC does not specify the rates that the Verizon Partnership may charge for its services nor does it require it to file tariffs for its U.S. wireless operations. However, the Communications Act states that an entity that provides commercial mobile radio services is a common carrier, and is thus subject to the requirements of the Act that it not charge unjust or unreasonable rates, nor engage in unreasonable discrimination. The FCC may invoke these provisions to regulate the rates, terms and conditions under which the Verizon Partnership provides service. In addition, the Act defines a commercial mobile radio service provider as a telecommunications carrier, which makes it subject to a number of other regulatory requirements in its dealings with other carriers and subscribers. These requirements impose restrictions on the Verizon Partnership's business and increase its costs. Among the requirements that affect it are the following:

The FCC has imposed rules for making emergency 911 services available by cellular, PCS and other broadband commercial mobile radio service providers, including enhanced 911 services that provide the caller's communications number, location and other information. Commercial mobile radio service providers are required to take actions enabling them to provide a caller's automatic

identification and cell site if requested to do so by a public safety dispatch agency, at the provider's own cost. As of October 2001, the rules require providers also to supply the geographic coordinates of the customer's location, either by means of network-based or handset-based technologies. Providers may not demand cost recovery as a condition of doing so, although they are permitted to negotiate cost recovery. These rules require the Verizon Partnership to make significant investments in its network and to reach agreements both with vendors of 911 equipment and state and local public safety dispatch agencies with no assurance that it can obtain reimbursement for the substantial costs it will incur.

The Telecom Act also provides that all communications carriers providing interstate communications services, including cellular carriers, must contribute to the federal universal service support mechanisms established by the FCC. The FCC also provided that any cellular carrier is potentially eligible to receive universal service support. The universal service support fund will support telephone service in high-cost and low-income areas and support access to telecommunications facilities by schools, libraries and rural health care facilities. Many states are also moving forward to develop state universal service fund programs. A number of these state funds require contributions, varying greatly from state to state, from cellular carriers such as the Verizon Partnership. The FCC has been considering whether carriers who decide to pass through their mandatory universal service contributions to their customers should be required to provide a specific explanation of the charges on the bills, as well as other aspects of the universal service contribution, including whether to change the method for calculating each carrier's contribution from being revenue-based to connection-based. The FCC has also initiated a proceeding to determine whether it should spread its universal service support fund contribution requirements to additional classes of telecommunications carriers. There can be no guarantee that the Verizon Partnership will be able to continue to pass the costs of the fund requirements on to its subscribers in the future.

The FCC has adopted rules regulating the use of telephone numbers by wireless carriers and other providers as part of an effort to achieve more efficient number utilization. In addition, it adopted rules on communications number possibilities that will enable customers to keep their communications number when switching to another carrier. Wireless carriers must participate in state number "pooling" programs and must offer number portability to their customers beginning November 2003. These mandates will impose costs on the business, although Verizon Wireless has petitioned the FCC to repeal the number portability mandate. The FCC has also adopted rules requiring wireless providers to provide functions to facilitate electronic surveillance by law enforcement officials pursuant to the Communications Assistance for Law Enforcement Act of 1995 and the administration is considering whether to seek to impose "priority access" and/or "emergency alert" notification requirements on carriers that would require the Verizon Partnership, in emergency situations, to make channels available for exclusive use by government and public safety agencies. These and other regulatory mandates will impose costs on the Verizon Partnership to purchase, install and maintain the software and other equipment needed.

Under reciprocal compensation, a cellular licensee is entitled to collect the same charges for terminating wireline-to-wireless traffic on their system that the Local Exchange Carriers ("LEC") charge for terminating wireless-to-wireline calls. Carriers typically negotiate interconnection agreements, but in the event of a dispute, state public utility commissions, courts and the FCC all have a role in enforcing the interconnection provisions of the Telecom Act. The Verizon Partnership has the same interconnection agreements that the Company had previously renegotiated with LECs in the Company's former markets. Interconnection agreements are subject to modification, expiration or termination in accordance with their terms. The FCC has begun a proceeding that is reassessing its interconnection compensation rules.

The FCC has adopted rules to govern customer billing by all telecommunications carriers. It adopted additional detailed billing rules for landline telecommunications service providers and is considering whether to extend these rules to commercial mobile radio service providers, which could

add to the expense of the Verizon Partnership's billing process as systems are modified to conform to any new requirements.

The Communications Act generally preempts state and local regulation of the entry of, or the rates charged by, any provider of cellular service. The FCC, to date, has denied all state petitions to regulate the rates charged by commercial mobile radio service providers. State and local governments are permitted to manage public rights of way and can require fair and reasonable compensation from telecommunications providers, on a competitively neutral and nondiscriminatory basis for the use of such rights of way by telecommunications carriers, so long as the compensation required is publicly disclosed by the government. States may also impose competitively neutral requirements that are necessary for universal service, conserving telephone numbering resources, protecting the public safety and welfare, ensuring continued service quality and safeguarding the rights of consumers. While a state may not impose requirements that effectively function as barriers to entry or create a competitive disadvantage and the scope of state authority to maintain existing or to adopt new such requirements is unclear, activity by the states has been increasing. This may result in restrictions on the Verizon Partnership's business and increase its costs.

Other FCC rules determine the obligation of telecommunications carriers to make their services accessible to individuals with disabilities. For example, the rules require wireless and other providers to offer equipment and services that are accessible to and usable by persons with disabilities. While the rules exempt telecommunications carriers from meeting disability access requirements that are not readily achievable, it is not clear how the FCC will construe this exemption. For example, the FCC is considering whether to require that digital handsets be modified to permit their use by hearing-impaired customers. Accordingly, the rules may require the Verizon Partnership to make material changes to its network, product line or services at its own expense.

The FCC also permits limited operation on unlicensed spectrum that can be used for Internet access, data transmissions and voice applications. These services, known as Wi-Fi or 802.11, may provide limited competition to the Verizon Partnership and may also be used by the Verizon Partnership to utilize its existing licensed spectrum more efficiently. The FCC recently ordered the allocation of an additional 255 MHz of spectrum for use by unlicensed devices in the 5 GHz band. As a result of the ruling, unlicensed devices will have nearly 650 MHz of spectrum to use in the 5 GHz, 2.4 GHz, and 915 MHz bands. The FCC indicated that it allocated the additional spectrum to ensure that unlicensed devices do not experience interference in the increasingly congested 2.4 GHz band. Concerns over interference with U.S. military radar systems had delayed the spectrum allocation, but a recent compromise reached by the Department of Defense and the wireless industry should allow effective unlicensed operation in the 5 GHz band.

In January 2003, the FCC provided for the use of ancillary terrestrial components ("ATCs") by mobile satellite service ("MSS") providers, while at the same time reallocating 30 MHz of MSS spectrum to emerging wireless services. The ATC ruling could permit competition to the Verizon Partnership by MSS operators that include a terrestrial component to their MSS service. However, the FCC imposed a number of conditions that MSS providers must meet prior to employing ATCs.

In conjunction with its ATC ruling, the FCC reallocated 30 MHz of MSS spectrum for fixed and mobile terrestrial services, including third-generation ("3G") wireless offerings. Specifically, the Commission reallocated spectrum in the 1990-2000 MHz, 2020-2025 MHz and 2165-2180 MHz bands. The reallocation of this spectrum may enable wireless operators such as the Verizon Partnership to expand their service footprints with high-speed data technology to support advanced mobile services. There can be no guarantee that the Verizon Partnership will be able to acquire such 3G spectrum, which will be awarded by auction.

In 2002 and 2003, the FCC adopted orders authorizing the marketing and unlicensed operation of ultra-wideband ("UWB") devices. UWB applications include ground penetrating radar, wall-imaging

devices and vehicular systems that provide crash detection and collision warning functionality. While these applications would not compete directly with current wireless service offerings, wireless carriers have raised concerns over potential interference with other wireless services. The FCC plans to spend much of 2003 testing UWB devices, likely delaying implementation of UWB services until 2004.

Certain Considerations

The Company is conducting a non-binding, advisory vote of its shareholders as to whether the Company should begin now to follow a liquidation strategy with a view toward the liquidation of the Company in the years ahead, or as an alternative to a liquidation strategy, the Company's management should currently begin to seek to acquire another business that meets the economic and fiduciary requirements of the board of directors.

Under PCC's proxy statement for its 2003 annual meeting of shareholders, the Company is conducting a non-binding, advisory vote of its shareholders permitting shareholders to express their views as to whether the Company should begin now to follow a liquidation strategy with a view toward the liquidation of the Company in the years ahead, or as an alternative to a liquidation strategy, the Company's management should currently begin to seek to acquire another business that meets the economic and fiduciary requirements of the board of directors. Since this is only a non-binding, advisory vote for the purpose of providing guidance to the board of directors and management, the outcome of this advisory vote will be only one factor considered by the board and management in determining their views regarding the proper future course to be followed by the Company. Regardless of the outcome of the vote, the board of directors and management have the right, consistent with their fiduciary duties and exercise of their business judgment, to recommend to the shareholders that the Company be liquidated (subject to the requisite vote of at least $66^2/_3$% of our outstanding shares at a future meeting of our shareholders), to seek other potential business opportunities, or to follow another course of action with respect to the Company's future.

Any liquidation of the Company is unlikely to occur prior to approximately August 2007 and will, in any event, require the affirmative vote of at least 66 23% of PCC's outstanding shares at a future meeting of shareholders, which the Company believes may be difficult to obtain.

Under the Company's lock up agreement with Verizon, a liquidation of the Company is not permitted until 360 days after the exchange of the Preferred Exchangeable Interest for Verizon stock. The Company currently expects that the Preferred Exchangeable Interest will be exchanged for common stock of Verizon Communications in approximately August 2006. If this happens, liquidation cannot, in general, occur prior to approximately August 2007. Moreover, under New York State law, the affirmative vote of at least $66^2/_3$% of Price's outstanding shares will be required at a future shareholders meeting to approve a liquidation of the Company. In recent votes of Price's shareholders between 7.3% and 15.1% of Price's shareholders have failed to vote (with any such failure to vote at such future meeting of shareholders making it more difficult to reach the $66^2/_3$% affirmative vote required to approve liquidation), and the holders of approximately 30% of Price's outstanding shares (including Robert Price, the Company's chief executive officer, members of his family, other officers and directors of the Company, and other shareholders who have volunteered their opinions) have indicated to the Company that they currently oppose a liquidation strategy and may continue to do so in the future. The board of directors consequently believes that it may be difficult at any future shareholders' meeting to obtain the necessary votes to approve liquidation.

Future activities of Robert Price.

Although Robert Price has informed the Company that he currently plans to remain with the Company if it determines to seek to acquire another business, Mr. Price has stated that it is possible that he will leave the Company and begin another company, including for the purpose of pursuing one

of the acquisitions or other business opportunities studied by the Company and Mr. Price. Mr. Price might leave the Company if, among other circumstances, the shareholders indicate a preference for a liquidation strategy as a result of the advisory vote being conducted at PCC's 2003 annual meeting of shareholders, or if the board of directors or the shareholders otherwise indicate their preference for a liquidation strategy for the Company.

The Company does not expect that the Preferred Exchangeable Interest will be exchanged for Verizon Wireless common stock, but rather expects that it will be exchanged for Verizon Communications common stock in approximately August 2006.

The Company's ability to exchange the Preferred Exchangeable Interest for Verizon Wireless common stock would depend upon the occurrence and timing of an initial public offering of such stock meeting certain size requirements, over which it has no control. On January 29, 2003, Verizon Wireless announced the withdrawal of its registration statement for an initial public offering of its common stock, given Verizon Wireless' ongoing strong cash flow and lack of significant funding requirements. Moreover, since the Company entered into its transaction with Verizon it has received no other indications as to if or when a Verizon Wireless initial public offering might occur. None of Cellco Partnership, Verizon Wireless Inc., Verizon Communications or any other party to the Verizon transaction has any obligation to cause such public offering to occur. If a qualifying initial public offering of Verizon Wireless common stock does not occur prior to August 15, 2006, the Preferred Exchangeable Interest will be mandatorily exchanged for Verizon Communications common stock. As a consequence, the Company expects that the Preferred Exchangeable Interest will be exchanged for Verizon Communications common stock in approximately August 2006.

The Preferred Exchangeable Interest is non-transferable and the Verizon common stock issuable upon an exchange is subject to lock-up agreements.

Except for certain intercompany transfers or a pledge of all of the Preferred Exchangeable Interest in connection with a financing transaction consented to by Cellco Partnership, the Preferred Exchangeable Interest is non-transferable by the Company. In addition, the shares of Verizon common stock issuable upon an exchange are subject to lock-up agreements which restrict the ability of the Company to dispose of such shares for a period of time.

PCC, PCW and PCC's shareholders may be subject to substantial income tax liability as a result of the asset contribution and the exchange of the Preferred Exchangeable Interest.

Although Proskauer Rose LLP has opined, subject to certain assumptions and conditions, that neither the asset contribution nor the exchange of the Preferred Exchangeable Interest for Verizon common stock should be a taxable transaction to PCC or PCW, there is a risk that the asset contribution or the exchange will be a taxable transaction, which may result, in either case, in PCC or PCW incurring in excess of $500 million of federal, state and local income tax liability. In addition, in the event the Company is not liquidated within one year following an exchange of the Preferred Exchangeable Interest for shares of Verizon stock, and the Company decides to sell such shares, dispose of them in another taxable disposition or distribute them to its shareholders, the Company would incur substantial tax liability (possibly in excess of $500 million of federal, state and local tax liability), except to the extent that gain recognized by the Company with respect to Verizon shares is offset by tax losses incurred by the Company in connection with an acquired business, including tax losses attributable to depreciation or interest on acquisition indebtedness. In the event the Company were not liquidated within such one year period, if the Company's board of directors determined to make a subsequent distribution of the Verizon stock to the Company's shareholders that was not in liquidation of the Company, the value of the stock distributed would be treated as a dividend to the extent of the Company's current or accumulated earnings and profits (which would include the gain recognized by the Company on the distribution of the stock), and taxed to the shareholder as ordinary income. Any amount in excess of earnings and profits would be treated as return of basis, to the extent thereof, and thereafter as capital gain. Alternatively, if the shareholders approved a subsequent distribution to shareholders in liquidation (which would require a $66^2/_3$% affirmative vote of the shareholders at a future meeting of shareholders), each shareholder would recognize gain or loss to the extent of the difference between the value of the Verizon stock (and any other company assets) received by the shareholder and the aggregate tax basis of shares in the Company held by the shareholder.

The Company has limited sources of cash.

Until the exchange of the Preferred Exchangeable Interest for Verizon common stock, the Preferred Exchangeable Interest and the investments in the collateral account are expected to be substantially all of the Company's assets. For a period of up to four years after August 15, 2002, PCW will receive taxable allocations of any profits from the Verizon Partnership equal to its preferred return (which allocations to the extent not distributed in cash, will increase PCW's capital account in the Verizon Partnership). PCW will receive cash distributions equal to 50% of its preferred return. During the period prior to the exchange for Verizon stock, the Company expects to have as sources of cash the cash distributions from the Verizon Partnership, income from interest or dividends on investments in the collateral account, up to an aggregate of $5 million which the Company is authorized to withdraw from the collateral accounts to cover its ordinary operating expenses, other cash balances, and funds that the Company may be able to borrow. The Company currently anticipates that its cash and income are sufficient to meet any cash obligations in the future. There is a remote risk, however, if significant unexpected cash needs arise (such as a demand for payment under the Company's guaranty to Verizon Communications), that its funds will be insufficient to meet its obligations and if the Company needs to borrow money, to meet such obligations, it may be forced to do so on unfavorable terms.

There are restrictions on the Company's activities.

The Preferred Exchangeable Interest is substantially all of the assets of Price and PCW. In order to avoid being required to register as an "investment company" under the Investment Company Act, which would (among other things) limit the ability of other registered investment companies to own shares of Price's common stock, Price and PCW have obtained an order from the SEC exempting them from all provisions of the Investment Company Act. The order is, however, subject to the following conditions:

- neither Price nor PCW will be or will hold itself out as being engaged in the business of investing, reinvesting or trading in securities;

- PCW will not acquire any "investment securities," as that term is defined under such Act, except for the partnership interest in the Verizon Partnership and certain cash equivalents;

- Price will not acquire any "investment securities," unless consistent with the goals of preserving capital, maintaining liquidity or fulfilling the obligations of the collateral agreement; and

- the order will terminate on the earliest of (1) the date on which PCW ceases to own the partnership interest in the Verizon Partnership, (2) the date on which PCW makes an acquisition of assets by reason of which such partnership interest ceases to constitute at least 80% (or is further reduced below 80%) of the total assets of PCW, (3) the date on which Price Communications makes an acquisition of assets by reason of which its interest in PCW ceases to constitute at least 80% (or is further reduced below 80%) of Price's total assets, and (4) the fourth anniversary of the closing of the asset contribution.

At the time of an exchange of the Preferred Exchangeable Interest for shares of Verizon common stock, such shares may account for a substantial portion of the asset value of Price. In order to avoid Investment Company Act registration at that time, Price may need to (1) liquidate or (2) be primarily engaged in a business other than that of investing, reinvesting, owning, holding or trading in securities.

While registering as an investment company may be considered by the board of directors as a means of building shareholder value, such registration could limit the Company's ability to take advantage of potential business opportunities or require changes to the corporate and operational structure of the Company.

The Company will have limited management rights with respect to the Verizon Partnership.

Subject to the veto rights granted to the Company under the limited partnership agreement of the Verizon Partnership relating to, among other things, acquisitions and dispositions of assets, engaging in other business activities, incurring indebtedness, capital contributions and distributions, related party transactions and equity issuances, a subsidiary of Cellco Partnership will have the right to manage the Verizon Partnership as its managing general partner. There are no assurances that such subsidiary will be successful in managing the Verizon Partnership or that such subsidiary's interests in managing the Verizon Partnership will not conflict with the interests of the Company.

Possible delisting of shares.

As a result of the asset contribution transaction with Verizon Wireless, the Company currently has no operating assets. Under the rules of the New York Stock Exchange, if a listed company's operating assets are substantially reduced or if the company ceases to be an operating company, the Exchange may in its discretion initiate delisting procedures. Such procedures typically afford a listed company an opportunity to advise the Exchange of action the company has taken, or plans to take, that would bring it within conformity with continued listing standards within an 18-month period. The Company believes that a determination to follow a liquidation strategy (with the result that the Company's activities prior to liquidation would be limited to ownership of its interest in the Verizon Partnership), might increase the risk of delisting by the Exchange, in that such a strategy would preclude the acquisition of an operating business.

Certain Terms

Interests in cellular markets that are licenses by the FCC are commonly measured on the basis of the population of the market served with each person in the market area referred to as a "Pop". The number of Pops or Net Pops owned is not necessarily indicative of the number of subscribers or potential subscribers. As used herein, unless otherwise indicated, the term "Pops" means the estimate of the 2000 population of an MSA or RSA, as derived from the 2000 U.S. Census. MSAs and RSAs are also referred to as "markets". The term "wireline" license refers to the license for any market initially awarded to a company or group that was affiliated with a local landline telephone carrier in the market, and the term "non-wireline" license refers to the license for any market that was initially awarded to a company, individual or group not affiliated with any landline carrier. The term "System" means an FCC-licensed cellular telephone system.

Employees

At December 31, 2002, the Company had three full-time employees.

Available Information

The Company routinely files reports and other information with the SEC, including Forms 8-K, 10-K and 10-Q. The public may read and copy any materials the Company files with the SEC at the SEC's Public Reference Room at 450 Fifth St., N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy, and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is http://www.sec.gov.

The Company does not make its filings available on the Internet (except through the SEC's Internet site) because the Company does not have an Internet website. Paper copies of the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act may be obtained free of charge upon request, by writing to the Company at 45 Rockefeller Plaza, Suite 3200, New York, New York 10020.

Item 2. Properties

As of December 31, 2002, there were two offices maintained by the Company, one administrative office in New Jersey and the Company headquarters in New York City.

Item 3. Legal Proceedings

The Company is not currently involved in any pending legal proceedings likely to have a material adverse impact on the Company.

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable.

PART II

Item 5. Market for Company's Common Stock and Related Stockholder Matters

(a) *Market for Common Stock*

PCC is listed on the New York Stock Exchange ("NYSE") under the ticker symbol "PR". The range of high and low last sale prices for PCC's Common Stock on the NYSE for each of the quarters of 2002 and 2001 as reported by the NYSE was:

	2003		2002		2001	
Quarter	**High**	**Low**	**High**	**Low**	**High**	**Low**
First (through March 26, 2003)	$ 15.40	$ 11.21	$ 19.34	$ 17.15	$ 20.17	$ 16.00
Second			17.90	15.75	20.25	16.15
Third			16.29	10.99	20.35	15.00
Fourth			14.80	10.52	20.13	16.05

PCC's Common Stock has been afforded unlisted trading privileges on the Pacific Stock Exchange under the ticker symbol "PR.P", on the Chicago Stock Exchange under the ticker symbol "PR.M" and on the Boston Stock Exchange under the ticker symbol "PR.B" and trades in Euros on the Frankfurt and Munich Stock Exchanges.

(b) *Holders*

On January 25, 2003, there were approximately 350 holders of record of PCC's Common Stock. The Company estimates that brokerage firms hold Common Stock in street name for approximately 3000 persons.

(c) *Dividends*

PCC to date has paid no cash dividends on its Common Stock. The Board of Directors will determine future dividend policy based on the Company's earnings, financial condition, capital requirements and other circumstances.

Item 6. Selected Consolidated Financial Data

The following tables contain certain consolidated financial data with respect to the Company for the periods and dates set forth below. This information has been derived from the audited consolidated financial statements of the Company for the year ended December 31, 2002 and restated and unaudited financial statements for previous years (see footnote 10 to the Consolidated Financial Statements).

The following data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and Notes thereto, included elsewhere herein.

	Consolidated Operating Statement Items Year ended December 31, $ in Thousands				
	2002(2)	**2001(1)**	**2000(1)**	**1999(1)**	**1998(1)**

Consolidated Operating Statement Items
Year ended December 31,
$ in Thousands

	Audited	**Restated and Unaudited**	**Restated and Unaudited**	**Restated and Unaudited**	**Restated and Unaudited**
Service revenue	$ 168,935	$ 271,943	$ 286,999	$ 269,236(3)	$ 184,652(3)
Equipment sales and installation	11,635	17,731	17,995	15,548	12,053
Income from partnership	12,380				
Revenue	192,950	289,674	304,994	284,784	196,705
Engineering, technical and other direct expenses	39,370	58,922	59,807	65,327(3)	28,122(3)
Cost of equipment	19,124	33,028	32,685	28,650	23,086
Selling, general and administrative expenses	46,736	74,738	64,984	65,150	61,093
Non-cash compensation Selling, general and administrative				47,863	20,088
Depreciation and amortization	15,859	47,975	46,981	45,157	43,625
Other (income) expense:					
Gain on contribution of cellular business	(659,181)				
Interest, net	41,585	61,248	59,661	72,892	76,926
Other, net	427	(7,157)	(7,711)	(12,251)	(15,279)
Total other (income) expense	(617,169)	54,091	51,950	60,641	61,647
Minority interest		631	1,432	1,664	2,178
Extraordinary item-loss on early extinguishment of debt (net of tax benefit of $15,893)					27,061
Cumulative effect on prior year of change in revenue recognition (net of tax expense of $92)			158		
Income tax expense (benefit)	231,151	7,045	16,322	6,732	(8,523)
Net income (loss)	$ 457,879	$ 13,244	$ 30,675	$ (36,400)	$ (61,672)
Per share amounts (4):					
Basic earnings (loss) per share before cumulative effect of accounting change and extraordinary item	$ 8.39	$ .24	$ .55	$ (.79)	$ (0.95)
Basic earnings (loss) per share for accounting change and extraordinary item					(.73)
Basic earnings (loss) per share	$ 8.39	$ .24	$ .55	$ (.79)	$ (1.68)
Diluted earnings per share before and after cumulative effect of accounting change and extraordinary item	$ 8.34	$ .24	$ .54	$ (.79)	$ (1.68)
Other Data:					
Capital expenditures	$ 9,725	$ 18,620			