

SIGNET GROUP PLC  
Form 6-K  
November 25, 2003

## **FORM 6-K**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

### **Special Report of Foreign Issuer**

Pursuant to Rule 13a-16 or 15d-16 of  
The Securities and Exchange Act of 1934

For the date of November 25, 2003

## **SIGNET GROUP plc**

(Translation of registrant's name into English)

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**Zenith House**

**The Hyde**

**London NW9 6EW**

**England**

(Address of principal executive office)

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40F.

Form 20-F       Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes       No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Embargoed until 12.00 Noon (GMT)

25 November 2003

## FURTHER ADVANCE IN SIGNET'S THIRD QUARTER RESULTS

Signet Group plc (LSE: SIG and Nasdaq NMS: SIGY), the world's largest speciality retail jeweller, today announced results for both the 13 weeks and the 39 weeks to 1 November 2003.

### Group

In the 13 weeks to 1 November 2003, Group profit before tax rose to £5.1 million (2002/03: £3.6 million restated for FRS 17 Retirement Benefits), with like for like sales up by 4.7%. Total sales were £289.4 million (2002/03: £278.9 million), an increase of 7.1% at constant exchange rates (see Note 10); at actual exchange rates there was an increase of 3.8%. Operating profit was £8.3 million (2002/03: £6.7 million restated). Net interest payable for the 13 weeks was £3.2 million (2002/03: £3.1 million restated).

In the 39 week period, Group profit before tax at £52.9 million (2002/03: £51.2 million restated) advanced by 10.9% at constant exchange rates (see Note 10) and by 3.3% on a reported basis. Like for like sales increased by 3.3%. Total sales at £956.8 million (2002/03: £961.7 million) reflected an increase of 5.5% at constant exchange rates; at actual exchange rates there was a small decrease of 0.5%. Operating profit rose by 8.2% at constant exchange rates, but was similar to last year at £62.2 million (2002/03: £62.0 million restated) on a reported basis. Net interest payable was £9.3 million (2002/03: £10.8 million restated). Earnings per share were 2.0p (2002/03: 1.9p restated).

### United States (circa 71% of Group annual sales)

In the 13 weeks to 1 November 2003, US operating profit increased to £5.7 million (2002/03: £4.5 million), the operating margin being 3.0% (2002/03: 2.4%). Like for like sales were up by 4.5%. Total sales increased by 7.7% at constant exchange rates and were up by 2.8% on a reported basis at £192.9 million (2002/03: £187.7 million). The gross margin was broadly similar to that of last year; a range of management initiatives continuing to offset gold price increases and the effect of some planned changes in product mix. The gold price increase is expected to have a slightly greater impact in the fourth quarter. The level of bad debt charges continued below last year's level.

In the 39 weeks, US operating profit was up by 5.4% on a constant exchange rate basis but on a reported basis declined to £54.6 million (2002/03: £56.3 million). The operating margin was unchanged at 8.2%. Like for like sales were up by 2.8%. Total sales advanced by 5.7% at constant exchange rates but decreased by 2.8% on a reported basis to £667.8 million (2002/03: £686.8 million). The bad debt charge was 3.0% (2002/03: 3.2%).

Space growth this year is expected to be about 7%. The expansion of the Leo Diamond range continues and other branded merchandising programmes are being developed. Staff training is at a record level. Kay's television advertising for this Christmas will increase and in the case of Jared it will more than double. Overall spending on marketing as a proportion of sales will be slightly higher than last year.

**United Kingdom (circa 29% of Group annual sales)**

In the 13 weeks to 1 November 2003, UK operating profit rose to £4.1 million (2002/03: £3.5 million restated) and operating margin advanced to 4.2% (2002/03: 3.8%). Like for like sales increased 5.0%, with total sales up by 5.8% to £96.5 million (2002/03: £91.2 million). Gross margin continued to be above last year's level.

In the 39 weeks to 1 November 2003, UK operating profit increased by 22.7% to £11.9 million (2002/03: £9.7 million restated), the operating margin being 4.1% (2002/03: 3.5% restated). Like for like sales advanced by 4.7% and total sales rose by 5.1% to £289.0 million (2002/03: £274.9 million). The gross margin was ahead of last year.

By Christmas, 52 stores are expected to be trading using the new, more open store format which is designed to allow greater interaction with the customer. The new format, greater focus on staff training and enhanced merchandising are all elements of the drive to increase diamond participation and improve store productivity. Television advertising for both H.Samuel and Ernest Jones is being tested in certain regions this Christmas.

**Group Central Costs, Taxation and Net Debt**

In the 13 week period, Group central costs were £1.5 million (2002/03: £1.3 million). In the 39 weeks Group central costs were £4.3 million (2002/03: £4.0 million). The tax rate was similar at 35.5%. Net debt at 1 November 2003 was £187.6 million (2 November 2002: £254.6 million; £233.6 million at constant exchange rates, see Note 10).

**Prior Year Adjustment**

The Group has adopted FRS 17 Retirement Benefits. The overall effect has been a net charge of £0.5 million to profit before tax in the third quarter against the restated comparable period impact of £nil million. For the 39 weeks to 1 November 2003 the effect was a net charge of £1.4 million against the restated comparable period net credit of £0.1 million. Under the market-based approach of FRS 17 there was a £6.7 million pension fund deficit at 1 February 2003 in comparison to a balance sheet asset of £19.1 million under SSAP 24. Consequently a non-cash charge of £18.1 million, net of deferred tax, has been accounted for by way of a prior year adjustment charged directly to reserves to reflect this change, representing 2.7% of shareholders' funds at 1 February 2003. Details of the impact of adopting FRS 17 are shown in Note 9 of the third quarter 2003/04 results.

**COMMENT**

Terry Burman, Group Chief Executive, commented: The results in the first nine months have been encouraging given the 9% weakening of the US dollar against sterling. The US business again outperformed its main competition and gained market share in a mixed economic environment. The UK like for like sales growth of 4.7% was ahead of the general retail sector and further improved its operating margin.

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Supported by a number of new and continuing initiatives both businesses are well positioned to compete during the important fourth quarter.

*Signet operated 1,694 speciality retail jewellery stores at 1 November 2003; these included 1,092 stores in the US, where the Group trades as Kay Jewelers , Jared The Galleria Of Jewelry and under a number of regional names. At that date Signet operated 602 stores in the UK, where the Group trades as H.Samuel , Ernest Jones and Leslie Davis . Further information on Signet is available at [www.signetgroupplc.com](http://www.signetgroupplc.com).*

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*This release includes statements which are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, based upon management's beliefs as well as on assumptions made by and data currently available to management, appear in a number of places throughout this release and include statements regarding, among other things, our results of operation, financial condition, liquidity, prospects, growth, strategies and the industry in which the Company operates. Our use of the words expects, intends, anticipates, estimates, may, forecast, objective, plan or target, and other similar expressions are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including but not limited to general economic conditions, the merchandising, pricing and inventory policies followed by the Group, the reputation of the Group, the level of competition in the jewellery sector, the price and availability of diamonds, gold and other precious metals, seasonality of the Group's business and financial market risk.*

*For a discussion of these and other risks and uncertainties which could cause actual results to differ materially, see the Risk and Other Factors section of the Company's 2002/03 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on April 24, 2003 and other filings made by the Company with the Commission. Actual results may differ materially from those anticipated in such forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein may not be realised. The Company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.*

There will be a conference call for all interested parties today at 2.00 p.m. GMT (9.00 a.m. EST and 6.00 a.m. Pacific Time) and a simultaneous audio webcast at [www.signetgroupplc.com](http://www.signetgroupplc.com). To help ensure the conference call begins in a timely manner, could all participants please dial in 5 to 10 minutes prior to the scheduled start time. The call details are:

UK dial-in:	+44 (0) 20 7019 9504	Pass code:	688890
US dial-in:	+1 718 354 1152	Pass code:	688890
UK 48 hr replay:	+44 (0) 20 7784 1024	Pass code:	688890#
US 48 hr replay:	+1 718 354 1112	Pass code:	688890#

The Christmas Trading Statement is expected to be released at 12:30 p.m. GMT on Thursday 8 January 2004.

**Unaudited interim consolidated profit and loss account**

for the periods ended 1 November 2003

		13 weeks ended 1 November 2003	13 weeks ended 2 November 2002 as restated <sup>(1)</sup>	39 weeks ended 1 November 2003	39 weeks ended 2 November 2002 as restated <sup>(1)</sup>	52 weeks ended 1 February 2003 as restated <sup>(1)</sup>
	Notes	£m	£m	£m	£m	£m
<b>Sales</b>	2	<b>289.4</b>	278.9	<b>956.8</b>	961.7	1,608.0
<b>Operating profit</b>	2,9	<b>8.3</b>	6.7	<b>62.2</b>	62.0	213.9
Net interest payable and similar charges	3,9	<b>(3.2)</b>	(3.1)	<b>(9.3)</b>	(10.8)	(14.0)
<b>Profit on ordinary activities before taxation</b>	9	<b>5.1</b>	3.6	<b>52.9</b>	51.2	199.9
Tax on profit on ordinary activities	4	<b>(1.8)</b>	(1.3)	<b>(18.8)</b>	(18.2)	(70.8)
<b>Profit for the financial period</b>		<b>3.3</b>	2.3	<b>34.1</b>	33.0	129.1
Dividends	6			<b>(5.8)</b>	(5.3)	(36.1)
Retained profit attributable to shareholders		<b>3.3</b>	2.3	<b>28.3</b>	27.7	93.0
<b>Earnings per share basic</b>		<b>0.2p</b>	0.1p	<b>2.0p</b>	1.9p	7.5p
<b>diluted</b>	7	<b>0.2p</b>	0.1p	<b>2.0p</b>	1.9p	7.5p

All of the above relates to continuing activities.

<sup>(1)</sup> Restated for the implementation in 2003/04 of FRS 17 Retirement Benefits (see note 9).

**Unaudited consolidated balance sheet**

at 1 November 2003

		1 November 2003	2 November 2002 as restated <sup>(1)</sup>	1 February 2003 as restated <sup>(1)</sup>
	Notes	£m	£m	£m
<b>Fixed assets</b>				
Intangible assets		18.3	21.1	19.8
Tangible assets		215.2	213.9	205.5
		<b>233.5</b>	<b>235.0</b>	<b>225.3</b>
<b>Current assets</b>				
Stocks		643.0	644.0	539.5
Debtors <sup>(2)</sup>		291.1	302.4	345.9
Cash at bank and in hand		27.6	23.7	89.2
		<b>961.7</b>	<b>970.1</b>	<b>974.6</b>
<b>Creditors: amounts falling due within one year</b>		<b>(319.4)</b>	<b>(338.7)</b>	<b>(324.9)</b>
Bank loans and overdrafts		(55.3)	(91.1)	(52.0)
Other		(264.1)	(247.6)	(272.9)
		<b>642.3</b>	<b>631.4</b>	<b>649.7</b>
<b>Net current assets<sup>(2)</sup></b>		<b>642.3</b>	<b>631.4</b>	<b>649.7</b>
<b>Total assets less current liabilities</b>		<b>875.8</b>	<b>866.4</b>	<b>875.0</b>
<b>Creditors: amounts falling due after more than one year</b>		<b>(173.4)</b>	<b>(194.0)</b>	<b>(189.1)</b>
Bank loans		(156.5)	(180.1)	(171.4)
Other		(16.9)	(13.9)	(17.7)
		<b>(7.1)</b>	<b>(6.3)</b>	<b>(7.5)</b>
<b>Deferred tax</b>			(3.2)	
<b>Provisions for liabilities and charges</b>				(7.5)
		<b>695.3</b>	<b>662.9</b>	<b>678.4</b>
<b>Total net assets</b>		<b>695.3</b>	<b>662.9</b>	<b>678.4</b>
<b>Capital and reserves equity</b>				
Called up share capital		8.6	8.6	8.6
Reserves		686.7	654.3	669.8
		<b>695.3</b>	<b>662.9</b>	<b>678.4</b>
<b>Shareholders funds</b>	8	<b>695.3</b>	<b>662.9</b>	<b>678.4</b>

**Unaudited consolidated statement of total recognised gains and losses**

for the periods ended 1 November 2003



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	13 weeks ended 1 November 2003	13 weeks ended 2 November 2002 as restated <sup>(1)</sup>	39 weeks ended 1 November 2003	39 weeks ended 2 November 2002 as restated <sup>(1)</sup>	52 weeks ended 1 February 2003 as restated <sup>(1)</sup>
	£m	£m	£m	£m	£m
<b>Profit for the financial period</b>	<b>3.3</b>	2.3	<b>34.1</b>	33.0	129.1
Translation differences (1 February 2003: net of £0.7m tax credit)	<b>(35.0)</b>	4.5	<b>(16.2)</b>	(51.2)	(143.2)
Actuarial loss arising on pension asset (note 9)					(22.3)
<b>Total recognised gains and losses relating to the period</b>	<b>(31.7)</b>	6.8	<b>17.9</b>	(18.2)	(36.4)
Prior year adjustment (note 9)			<b>(18.1)</b>		
<b>Total recognised gains and losses</b>	<b>(31.7)</b>	6.8	<b>(0.2)</b>	(18.2)	(36.4)

<sup>(1)</sup> Restated for the implementation in 2003/04 of FRS 17 Retirement Benefits (see note 9).

<sup>(2)</sup> Debtors and net current assets include amounts recoverable after more than one year of £5.4m (2 November 2002: £nil, 1 February 2003: £5.3m).

**Unaudited consolidated cash flow statement**

for the periods ended 1 November 2003

13 weeks ended 1 November 2003	13 weeks ended 2 November 2002 as restated <sup>(1)</sup>	39 weeks ended 1 November 2003
£m	£m	£m
	(2.1)	(28.5)
	(3.4)	(3.6)
	(12.3)	(15.5)
	(18.1)	(15.1)
		(42.0)
		(30.8)
	(35.9)	(62.7)
	2.2	(5.0)
	2.2	0.1
	11.1	40.1
		0.7

Potential Shareholder Liability

If the assets we reserve at the time of a distribution are insufficient to satisfy our actual remaining liabilities, shareholders may be required to return all or a portion of the amount of their distributions so as to ensure that all of our actual and contingent liabilities are satisfied in full. A shareholder's liability would not, however, exceed the aggregate amount of the distributions that it receives.

Powers of Price Following Dissolution

Our directors and officers will have broad discretion in winding up the company's affairs, and may perform any and all acts necessary or desirable to carry out the dissolution and the distributions. We will

maintain, manage, and control the distribution of our assets and, to that end, we may keep invested our assets pending distributions. We may continue to hold securities, including common stock, and we will roll over any fixed income investments as they mature into new short-term fixed income investments. We will convert our non-cash assets (other than the Verizon common stock received in the exchange) into cash as needed when required for the purpose of winding up our affairs and paying or contesting liabilities or claims.

We will be specifically prohibited from entering into or otherwise engaging in any trade or business and from using any of our assets in furtherance thereof. Following the filing of the certificate of dissolution with the Secretary of State of the State of New York, the company will be restricted to collecting and holding its assets, to conserving and protecting them prior to distribution to the shareholders, and to the payment or other disposition of claims against the company.

#### Termination

We will continue to wind up the company's affairs until the payment in full of all of our liabilities and the complete distribution of remaining assets to our shareholders.

#### Judicial Supervision of Dissolution

Notwithstanding the filing of the certificate of dissolution by Price, New York law would permit Price or, in certain circumstances, a creditor, claimant, director, shareholder and certain others, to petition a court for a judicially supervised dissolution. In such event, the court would have the authority to replace the directors and officers of Price with court-appointed receivers and would have authority over all matters affecting the dissolution and winding up of the company's affairs. The timing and amount of any liquidating distributions to Price's shareholders could be affected if its dissolution were to become judicially supervised.

#### Stock Transfers and Cancellation of Stock

If the proposed dissolution is approved by our shareholders, we expect our shares will be delisted from the New York Stock Exchange. Although our shares may continue to be transferred, a liquidating trust will be created at the time of our initial distribution. Accordingly, the board of directors may fix a date prior to the initial distribution when we will close our share transfer books and discontinue recording share transfers, except by will, intestate succession or operation of law. At the time of our initial distribution, we expect to cancel all of the outstanding common stock of Price and shareholders will thereafter be entitled to receive only a pro rata share of assets deposited in the liquidating trust that are not actually required to pay our liabilities, as and when distributed by the liquidating trustee.

As a condition to receipt of the initial distribution, our board of directors may require shareholders to (i) surrender their stock certificates to Price or its agent or (ii) furnish Price with evidence satisfactory to the board of directors of the loss, theft or destruction of their stock certificates, together with such surety bond or other security or indemnity as may be required by and be satisfactory to the board of directors.

#### Compliance with Reporting Requirements Under the Exchange Act

We have an obligation to continue to comply with the applicable reporting requirements of the Securities Exchange Act of 1934 (the "**Exchange Act**"), even though compliance with such reporting requirements is economically burdensome. In order to curtail expenses, after filing the certificate of dissolution, we intend to seek relief from the SEC from the reporting requirements of the Exchange Act. If such relief is granted, we anticipate that we will continue to file current reports on Form 8-K to disclose material events relating to our dissolution along with any other reports that the SEC might require. However, the SEC may not grant us such relief.

#### **Consequences if Shareholders do not Approve the Proposed Dissolution**

Even if the proposed dissolution is not approved by the affirmative vote of the holders of at least 66-2/3% of our outstanding shares, we expect our interest in the Verizon Partnership to be exchanged for shares of Verizon common stock in August 2006. Without the requisite shareholders' approval of the proposed dissolution, Price will not be dissolved. The continued existence of Price could have significant consequences, including:

- Our company and/or our shareholders may realize substantial taxable gain, which may result in substantial tax liability upon any sale or distribution of Verizon common stock;

The market price of our shares may decline to take into account the potential tax liability; and

If we continue to hold the Verizon common stock that we receive in the exchange, we could be required to register as an investment company under the Investment Company Act, which will limit the nature of our business activities we can pursue and impose significant regulatory requirements.

Additionally, under the terms of our lock-up agreement with Verizon, there are restrictions on our ability to sell or otherwise engage in transactions with our Verizon common stock for five years after the exchange. For more details on the restrictions contained in this lock agreement, see the "The Proposed Dissolution/Lock-up Agreement" section of this proxy statement. We also have a very low tax basis in the Verizon common stock, so it is unlikely that we would dispose of any significant portion of the shares in the near term because it would cause the company to recognize a substantial tax gain. Instead, the current view of our directors is that we would attempt to dispose of the Verizon common stock we receive in the exchange gradually over time, consistent with our obligations under our lock-up agreement with Verizon, to the extent that new investments and businesses we are successful in acquiring generate losses that could offset a portion of that gain.

Our board has not decided what alternative our company should pursue if our shareholders do not approve the proposed dissolution. Although the company would continue to evaluate opportunities as they become available, we believe the proposed dissolution is the best alternative for the Company.

### **Regulatory Approvals**

We do not expect to require any regulatory approvals in connection with the proposed dissolution.

We expect that the company's receipt of Verizon common stock in the exchange will not be reportable under the HSR Act because, subject to certain specified conditions, an acquisition of voting securities solely for the purpose of investment is exempt from the reporting requirements of the HSR Act. If you will receive Verizon common stock as a result of our dissolution, you may be required to file a notification report under the HSR Act, and forego receipt of Verizon common stock during a waiting period that would generally last no longer than 30 days, if after our distribution of Verizon common stock to you as a shareholder of Price, you will hold more than a threshold amount (currently \$56.7 million) of Verizon common stock (including Verizon common stock that you hold prior to the distribution). We encourage all Price shareholders to consult with your own advisors to determine whether you may be required to file a notification report under the HSR Act before you may receive Verizon common stock as a result of our dissolution.

Price and PCW obtained an order from the SEC exempting them from all provisions of the Investment Company Act in connection with the Verizon Transaction. The exemption will terminate in August 2006, and will coincide with the exchange of the preferred interest in the Verizon Partnership for shares of Verizon common stock. Following the exchange (until the distribution of Verizon common stock to our shareholders if the proposed dissolution is not approved), the Verizon common stock will represent a substantial portion of Price's asset value, so Price may be considered to be primarily engaged in the business of investing, reinvesting, owning, holding or trading in securities. Consequently, if the shareholders do not approve the proposed dissolution, we may be required to register as an investment company under the Investment Company Act upon expiration of the exemptive order. If, however, the shareholders approve the proposed dissolution, we will not be required to register as an investment company because activities incidental to dissolution do not require registration under the Investment Company Act.

### **Vote Required for Approval of the Proposed Dissolution**

Under New York law, the affirmative vote of the holders of at least 66-2/3% of our outstanding shares is required at a shareholders meeting to approve a dissolution of our company and, therefore, the



proposed dissolution. Robert Price, our company's president, chief executive officer and treasurer, the chief financial officer and the other directors of the company, who collectively have voting power over approximately 5.7% of our outstanding shares, have advised us that they will vote all those shares to approve the proposed dissolution. However, 6% to 18% of our shareholders have failed to vote on matters submitted for approval at our annual meetings in recent years. Any shares that are not voted will be counted as voted "against" the dissolution proposal. Accordingly, it may be difficult to obtain the affirmative vote of at least 66-2/3% of our outstanding shares as required to approve the proposed dissolution.

### **No Appraisal Rights**

Shareholders are not entitled to any rights of appraisal or similar rights of dissenters under New York law in connection with the proposed dissolution.

### **Interests of Directors and Officers in the Proposed Dissolution**

Our directors and officers own shares of our common stock, and will receive distributions like our other shareholders. Our directors and officers will also receive compensation for their services during the dissolution process. The services to be performed during the dissolution process will include maintaining the company's portfolio of marketable securities until the securities are liquidated and cash is distributed to our shareholders, managing and settling the Company's liabilities (which are comprised primarily of income tax liabilities and our office lease), delivering notices to creditors and addressing any responses to such notices submitted by creditors, creating a liquidating trust, ensuring the company is in compliance with applicable regulatory requirements and preparing and making filings, and otherwise taking actions, necessary to complete the dissolution process. Until the distribution of Verizon common stock to our shareholders, our directors and officers will continue to receive compensation at their current levels. Thereafter, we expect a liquidating trust to be formed and one or more of our officers and directors may serve as trustee of such trust for which he or she would receive compensation as determined by our board of directors. In addition, in connection with the dissolution, Robert Price, our president, chief executive officer and treasurer, and Kim Pressman, our executive vice president, chief financial officer, assistant treasurer and secretary, are expected to receive severance awards to ensure that they have appropriate incentives to continue as employees of the company until the distribution of Verizon common stock to our shareholders is completed and the liquidating trust is formed. In addition, we expect to provide additional compensation and benefits to our officers in connection with the dissolution. The board of directors has not yet decided upon a compensation and benefits package to be provided to our officers in connection with the dissolution, and does not expect to make this decision until after the exchange of our preferred limited partnership interest in the Verizon Partnership for Verizon common stock. However, the stock option and compensation committee of the board of directors has recommended that the board of directors consider a severance award of \$4.5 million and special performance bonus of \$2.5 million to Robert Price and a severance award of \$1.6 million and special performance bonus of \$0.5 million to Kim Pressman, our Executive Vice President, Chief Financial Officer, Assistant Treasurer and Secretary, with the special performance bonuses payable after the exchange and the severance awards payable upon completion of the distribution of Verizon common stock to our shareholders and subject to an additional payment by the company to reimburse any such officer for his or her tax liability if any such payment is subject to any "golden parachute" excise tax. The committee's recommendation does not constitute an agreement or commitment to make such payments, and the committee may change its recommendation. However, the company expects that the aggregate amount of severance and special performance bonus payments to our officers will not exceed \$1 million (exclusive of any excise tax reimbursement), which is the aggregate amount of such payments recommended by the stock option and compensation committee. The stock option and compensation committee has also recommended that the company continue to provide health insurance coverage for these officers for a period of three years after the completion of the distribution of Verizon common stock to our shareholders. The amounts paid to our officers will be dissolution expenses that will reduce the cash amounts to be distributed to our shareholders. Moreover, our company has indemnified, and will continue during the dissolution process to indemnify, our directors and officers to the fullest extent authorized by New York's Business Corporation Law. We have also purchased insurance to indemnify our directors and officers for claims related to their service to our company. Additionally, under





insurance policy, our company has been indemnified for claims related to certain violations of securities laws.

### **Material Federal Income Tax Consequences**

*General*

In the opinion of Davis Polk & Wardwell, the company's tax counsel, the following are the material U.S. federal income tax consequences of the Reorganization and Alternative Reorganization. This discussion is based on the Internal Revenue Code of 1986, as amended, applicable Treasury regulations, administrative interpretations and court decisions, all as of the date of this proxy statement, all of which may change, possibly with retroactive effect.

This discussion only addresses shares of Price common stock held by Price shareholders as capital assets. It does not address all aspects of federal income taxation that may be important to a shareholder in light of that shareholder's particular circumstances or to a shareholder subject to special rules, such as:

- a shareholder who is not a "U.S. Holder" as defined below, except as otherwise provided herein;
- a financial institution or insurance company;
- a tax-exempt organization;
- a dealer or broker in securities;
- a shareholder that holds its Price common stock as part of a hedge, straddle, conversion transaction or any similar transaction; or
- a shareholder who acquired his Price common stock pursuant to the exercise of options or otherwise as compensation.

#### *Key Consequences to U.S. Holders*

As used herein, a "U.S. Holder" is a beneficial owner of Price common stock that is, for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision thereof; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If a partnership holds Price common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding Price common stock should consult its tax advisors.

*Opinion*

Price has received an opinion of its tax counsel dated as of the date of this proxy statement as to the federal income tax consequences of the Reorganization and the Alternative Reorganization. The opinion of the company's tax counsel has relied, and the confirmation opinion regarding the Reorganization or the Alternative Reorganization as of the exchange date (the "**exchange date opinion**") will rely, on representations and covenants made by Price, including those contained in certificates of officers of Price, and the following material assumptions:

- the U.S. federal income tax consequences of the Verizon Transaction as described in Price's May 31, 2002 proxy statement are correct (according to that proxy statement, such tax consequences "should be" correct but are not certain to be correct due to "a dearth of authority interpreting the federal income tax law with regard to certain issues presented" by the Verizon Transaction);
- the Reorganization and the Alternative Reorganization will be completed in the manner contemplated by this proxy statement;
- if dissolution of Price is approved by its shareholders and the Reorganization takes place after exchanging its Verizon Partnership interest for Verizon common stock, Price will engage in no activities other than (i) holding the Verizon common stock; (ii) holding cash and cash equivalents; (iii) holding any existing marketable securities that it currently owns; (iv) managing its liabilities; and (v) any activities necessary and incidental to the activities in clauses (i) through (iv); but Price will not vary any of its investments, other than rolling over fixed income investments as they mature into new short-term fixed income investments;
- following the Reorganization or Alternative Reorganization, Verizon will continue to hold for use in its business the Verizon Partnership interest received in exchange for its common stock. For this purpose, Verizon will be treated as holding all of the businesses and assets of its "Qualified Group," as defined in the applicable Treasury Regulations;
- if dissolution of Price is approved by its shareholders and the Reorganization takes place pursuant to a plan of reorganization that will be adopted prior to the exchange of our preferred limited partnership interest in the Verizon Partnership, Price will distribute to its shareholders and creditors all the Verizon common stock and all its other properties (except any amounts retained to pay or provide for the payment of liabilities) no later than August 14, 2007, at which point Price will cease all activities and surrender its corporate charter. To the extent that Price at such time holds any assets to pay, or provide for the payment of, its liabilities, such assets will be deposited in a liquidating trust for the benefit of our shareholders; and
- immediately prior to the Reorganization or Alternative Reorganization, Verizon will not be an investment company as defined in Section 368(a)(2)(F) of the Internal Revenue Code.
- In addition, the opinion of the company's tax counsel has assumed, and company tax counsel's ability to provide the closing date opinion will depend on, the absence of changes in existing facts or in law between the date of this proxy statement and the exchange date. If any of those representations, covenants or assumptions is inaccurate, company's tax counsel may not be able to provide the required exchange date opinion and the federal income tax consequences of the exchange could differ from those described herein.



The following discussion neither binds the Internal Revenue Service (the "IRS") nor precludes the IRS or the courts from adopting a contrary position. Price does not intend to obtain a ruling from the IRS on the tax consequences of the Reorganization and the Alternative Reorganization.

*Federal Income Tax Treatment of the Reorganization and the Alternative Reorganization*

The following is a discussion of the consequences if the proposed dissolution is approved and the Reorganization takes place, or, alternatively, if the proposed dissolution is not approved and the Alternative Reorganization takes place.

Federal Income Tax Consequences to Price if the Proposed Dissolution is Approved

The company's tax counsel is of the opinion that, although the matter is not free from doubt due to a lack of authority directly applicable to the facts and circumstances of the Reorganization, the Reorganization will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and Verizon Communications and Price will each be a party to that reorganization within the meaning of Section 368(b) of the Internal Revenue Code. Assuming such treatment is correct, Price will not recognize any gain or loss for federal income tax purposes as a result of the Reorganization. If the Reorganization is not treated as a reorganization within the meaning of Section 368(a), Price will recognize a substantial amount of taxable gain on the exchange of our Verizon Partnership interest for Verizon common stock.

Federal Income Tax Consequences to Holders of Price Common Stock if the Proposed Dissolution is Approved

The company's tax counsel is of the opinion that, although the matter is not free from doubt due to a lack of authority directly applicable to the facts and circumstances of the Reorganization, the Reorganization will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Assuming that this treatment of the Reorganization is correct, the following are the federal income tax consequences to holders of Price common stock:

- Holders of Price common stock who receive both Verizon common stock and cash in the Reorganization will not recognize any loss and will recognize gain, if any, equal to the lesser of: (1) the amount of cash so received and (2) the excess of the sum of the amount of cash so received and the fair market value on the date of the distribution of the shares of Verizon common stock over the shareholder's adjusted tax basis for its Price common stock. The tax treatment of such gain is uncertain. Price intends to report the cash distributed to each holder of Price common stock as dividend income to the extent of the holder's ratable share of Price's undistributed earnings and profits. Accordingly, cash distributed to certain shareholders who are not U.S. Holders, including (1) nonresident alien individuals not otherwise present in the United States for 183 days or more in the year of distribution, (2) foreign corporations and (3) foreign estates or trusts, will be withheld upon at a rate of 30% unless a lower treaty rate applies. The remaining gain, if any, will generally be capital gain and will generally be long-term capital gain if you held your shares of Price common stock for more than one year. You are urged to consult your own tax advisor to determine the tax treatment of any gains recognized pursuant to the Reorganization. For purposes of the foregoing, the amount of cash you receive is deemed to include your ratable share of the expected residual value, if any, of any cash or other property deposited by Price in a liquidating trust for the benefit of its shareholders. Because you will be deemed to receive the expected residual value of amounts deposited in a liquidating trust at the time they are deposited, you may be subject to tax on that residual value prior to its actual receipt by you. If, after all claims against Price are satisfied, the amount you actually receive is either greater than or less than the amount previously deemed to have been received by you, you may be required to recognize gain or loss, respectively, in the year of receipt. The treatment of such gain



or loss is unclear; you are urged to consult your own tax advisor;

- A U.S. Holder who receives Verizon common stock will have an adjusted tax basis in the Verizon common stock received in the Reorganization equal to the adjusted tax basis of its shares of Price common stock, increased by any gain recognized (including any portion of the gain that is treated as a dividend), and decreased by the amount, if any, of cash received;
- The holding period for shares of Verizon common stock received will include the holding period for the shares of Price common stock;
- If a holder's shares of Price common stock have differing tax bases and/or holding periods, the preceding rules must be applied separately to each identifiable block of shares; and
- If the Reorganization is not treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the distribution of Verizon common stock to our shareholders will be taxable to them as a distribution in liquidation of their shares of Price common stock, and they will recognize taxable gain or loss equal to the difference between the fair market value of the property distributed to them pursuant to the dissolution of Price and their adjusted tax basis in their shares of Price common stock.  
Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss to a shareholder who has held the Price common stock for more than one year.

#### Information Reporting and Backup Withholding

Information returns will be filed with the IRS in connection with any cash received by a holder of Price common stock pursuant to the Reorganization, unless such holder is an exempt recipient (such as a domestic corporation).

Backup withholding at the rate specified in the Internal Revenue Code may apply to cash paid to a Price shareholder in the dissolution unless he or she provides an applicable exemption or a correct taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. A shareholder who is a U.S. Holder will be required to provide a properly executed IRS Form W-9 (or the substitute Form W-9 included in the letter of transmittal to be delivered to such shareholder in connection with the Reorganization) in order to claim exemption from withholding.

Any amount withheld under the backup withholding rules will be allowed as a refund or credit against U.S. federal income tax liability if the required information is furnished to the IRS. The IRS may impose a penalty upon any taxpayer that fails to provide the correct taxpayer identification number.

#### Reporting Requirements

You will be required to retain records pertaining to the Reorganization and to file with your U.S. federal income tax return for the year in which the Reorganization takes place a statement setting forth facts relating to the Reorganization, including:

- the cost or other basis of your shares of Price; and
- the fair market value of the Verizon common stock and the amount of cash you receive in the Reorganization.





Federal Income Tax Treatment of the Alternative Reorganization

If the proposed dissolution is not approved, it is expected that PCW, which is a wholly owned subsidiary of Price and currently holds the Verizon Partnership interest, will be dissolved. In such case, company's tax counsel is of the opinion that, although the matter is not entirely free from doubt due to a lack of authority directly applicable to the facts and circumstances of the Alternative Reorganization, the Alternative Reorganization will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and Verizon Communications and PCW will each be a party to that reorganization within the meaning of Section 368(b) of the Internal Revenue Code. Assuming such treatment is correct neither Price nor PCW will recognize any gain or loss for federal income tax purposes as a result of the Alternative Reorganization. However, Price will have a tax basis in the Verizon common stock received equal to the adjusted basis of its PCW stock. As a result, it is expected that a significant amount of gain will be recognized by Price upon its disposition of the Verizon common stock. If the Alternative Reorganization is not treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, PCW will recognize a taxable gain on the exchange of its Verizon Partnership interest for Verizon common stock, and Price will take a fair market value basis in the Verizon common stock upon the liquidation of PCW into Price.

In any event, holders of Price common stock will not receive any cash or Verizon common stock pursuant to the Alternative Reorganization. Accordingly, holders of Price common stock will not recognize gain or loss as a result of the Alternative Reorganization.

This discussion of material U.S. federal income tax consequences is not a complete analysis or description of all potential federal income tax consequences of the Reorganization or the Alternative Reorganization. This discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address any non-income tax or any foreign, state or local tax consequences of the Reorganization or the Alternative Reorganization. **Accordingly, we strongly urge each Price shareholder to consult his or her own tax advisor to determine the particular U.S. federal, state or local or foreign income or other tax consequences to him or her.**

**Recommendation of the Board of Directors**

**The Board of Directors of our company has unanimously approved the proposed dissolution, subject to shareholder approval, and unanimously recommends that our shareholders vote FOR the proposed dissolution.** In reaching this determination the board of directors considered the following material factors:

- Because an IPO of Verizon Wireless is highly unlikely by August 2006, our interest in the Verizon Partnership will be required to be exchanged for shares of Verizon common stock in August 2006;
- If our company is not dissolved by August 15, 2007 and we later sell any Verizon common stock or distribute Verizon common stock to our shareholders, our company and/or our shareholders could recognize a substantial amount of taxable gain which may result in our incurring substantial tax liability;
- If our company is not dissolved by August 15, 2007 we expect the market price of our shares to decline to take into account the substantial tax liability that our company may incur upon any sale or distribution of Verizon common stock;
- Although a majority of our shareholders approved a non-binding, advisory proposal in 2003 that our company seek to acquire a new business, we have been unable to identify or successfully acquire any business that meets the economic and fiduciary requirements of our board of directors;



- If the proposed dissolution is not approved by our shareholders, we may be unable to identify or succeed in acquiring a business that meets the board of directors' economic and fiduciary requirements;
- Even if we successfully consummate an acquisition that meets the board of directors' economic and fiduciary requirements, there can be no assurance that the acquisition will generate returns in excess of the returns that may be realized by our shareholders following the proposed dissolution or that the acquired business will generate losses to offset the significant tax gains that we may recognize upon any disposition of Verizon common stock;
- We currently have only three employees and may not have the infrastructure and management resources to successfully consummate and monitor acquisitions that meet the board of directors' economic and fiduciary requirements;
- If our company continues to hold the Verizon common stock that it receives in the exchange, we could be required to register as an investment company under the Investment Company Act, which will limit the nature of business activities we can pursue and impose significant regulatory requirements; and
- Our company's president, chief executive officer and treasurer, Robert Price, will vote the shares he owns for the proposed dissolution.

While our Board of Directors has unanimously approved and recommended the proposed dissolution to our shareholders, it is theoretically possible that unforeseen circumstances may cause the Board of Directors, in satisfying its fiduciary duties, to reconsider its unanimous approval even after the holders of at least 66-2/3% of our outstanding shares approve the proposed dissolution. However, we presently do not know of any circumstance that may cause the Board of Directors to reconsider its unanimous approval of the proposed dissolution.

#### **Additional Factors to be Considered by Shareholders in Deciding Whether to Approve the Proposed Dissolution**

There are many factors that our shareholders should consider when deciding whether to vote to approve the proposed dissolution. In addition to carefully reviewing all the other information contained in this proxy statement and the documents incorporated herein, you should consider the following risk factors:

#### *Assurances can be Made on the Amount of any Distribution to Shareholders Following the Proposed Dissolution*

We cannot assure you of the precise nature, amount or timing of any distribution. Uncertainties as to the precise amount of our assets and liabilities (including contingent liabilities) make it difficult to predict with certainty the aggregate net value ultimately distributable to our shareholders.

#### *We may not Receive the Approval of a Sufficient Number of our Shareholders*

It may be difficult to obtain the necessary vote for the proposed dissolution. In recent shareholder meetings, 6% to 18% of our shareholders have failed to vote. Any shares that are not voted will be counted as voted "against" the dissolution proposal.

#### *If our Shareholders do not Approve the Proposed Dissolution, We may Suffer Adverse Tax and Other Consequences*

Unless the company is dissolved and the Verizon common stock is distributed to our shareholders by August 15, 2007, our company and/or our shareholders could recognize a substantial amount of taxable



in which may result in us incurring substantial tax liability upon any subsequent sale or distribution of the Verizon common stock. For example, if we were to receive 29,473,000 shares of Verizon common stock and sell all of those shares at \$31.55 per share, which was the closing market price of Verizon common stock on June 13, 2006, we would realize a taxable gain of approximately \$930 million over our basis in the shares. Assuming the current U.S. federal income tax rate of 35% on corporations, the amount of federal and state and local taxes we would owe on the approximately \$930 of gain would be approximately \$325 million and \$3 million, respectively, but the actual taxes payable would depend on, among other things, the availability of deductions and credits and the federal and state and local income tax rates on corporations in effect at the time when such gain is recognized. Additionally, if our company retains Verizon common stock, we may have to register as an investment company under the Investment Company Act, which could significantly limit our company's ability to take advantage of potential business opportunities and would also impose significant regulatory requirements. See also the "Material Federal Income Tax Consequences" and "Regulatory Approvals" sections of this proxy statement.

*We Retain Verizon Common Stock, the Market Value of our Shares Could Suffer*

If our shareholders do not approve the proposed dissolution, the market price of our shares is likely to decline and we will have to take into account the potentially significant tax liability that our company may incur and other adverse consequences that it may suffer upon any sale or distribution of the Verizon common stock.

*Additional Liabilities and Expenses May Reduce the Amount Available for Distribution to Shareholders*

The actual amount of the company's liabilities, including contingent liabilities, may exceed the amounts shown on our balance sheet. In addition, we could incur additional claims, liabilities and other expenses (such as payroll, regulatory filings, legal expenses, consulting fees and miscellaneous office expenses) before or after we file the certificate of dissolution. These amounts will reduce the extent to which our assets will be available for distribution to our shareholders.

*The Realizable Value of Our Assets May be Less Than Their Current Market Value*

The market value of our assets may decline, or we may be unable for other reasons to realize the current market value of our assets. In this case, the assets available for distribution to our shareholders will be reduced.

*The Market Price of Verizon Common Stock May Decline*

If the market price of Verizon common stock declines, the potential tax liability that we may realize if the proposed dissolution is not approved and we later sell or distribute to our shareholders the Verizon shares could be lower. Any further decline in the market price of Verizon common stock below \$40 per share will not change the number of shares that we will receive in the exchange.

Even if the proposed dissolution is approved by our shareholders, the lock-up agreement does not allow us to distribute the shares of Verizon common stock we receive in the exchange to our shareholders until approximately August 8, 2007. The market value of Verizon common stock when we receive it in the exchange could be substantially different from its market value at the time of the distribution to our shareholders. In the first quarter of 2006, the closing market price of Verizon common stock on the New York Stock Exchange has ranged from \$35.02 to \$30.04 per share. Similarly, the closing market price of Verizon common stock has varied substantially during the past three calendar years: the closing market price ranged from \$41.06 to \$29.13 in 2005, from \$42.27 to \$34.13 in 2004 and from \$44.31 to \$31.10 in 2003.

*Distribution of Assets to our Shareholders Could be Delayed*

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If the proposed dissolution is approved, we expect to distribute Verizon common stock to our stockholders in August 2007. However, we are currently unable to predict the precise timing of any subsequent distribution. The timing of the distributions will depend on and could be delayed by, among

er things, claim settlements with creditors. Additionally, a creditor could seek an injunction against the making of distributions to shareholders on the grounds that the amounts to be distributed were needed to provide for payment of our liabilities and expenses. Any action of this type could delay or diminish the amount available for distribution to shareholders.

*Shareholders Could be Liable for Price's Liabilities up to the Amount of Distribution Received by Them*

If the assets we reserve at the time of any distribution are insufficient to satisfy our remaining liabilities, shareholders may be required to return all or a portion of the amount of their distributions so as to ensure that all of our actual and contingent liabilities are satisfied in full. A shareholder's liability would not, however, exceed the aggregate amount of the distributions that it receives in our dissolution.

**PROPOSAL 2  ELECTION OF DIRECTOR**

**General**

Our certificate of incorporation provides that our board of directors will have not fewer than three nor more than ten directors, with the actual number being set from time to time by resolution of our board. Our board of directors has fixed the authorized number of directors at five.

Our certificate of incorporation provides that our board of directors will be divided into three separate classes, with the classes to be as nearly equal in number as possible. One class is elected each year to serve a staggered three-year term. The terms of office of the respective classes expire in successive years. At the annual meeting, one current member of our board of directors, Robert F. Ellsworth, is to be reelected to our board of directors to serve for a term of three years until the annual meeting of shareholders in 2009. The nominee, Robert F. Ellsworth, has consented to be named and to serve if elected. Our board of directors has no reason to believe that Mr. Ellsworth will be unable to serve if elected to office and, to the knowledge of our board of directors, Mr. Ellsworth intends to serve the entire term. Should Mr. Ellsworth become unable or unwilling to accept nomination or election, the persons named on the enclosed form of proxy will vote for such other person as our board of directors may recommend.

Our board of directors has determined that Frank Osborn and Stuart B. Rosenstein, current directors of our company, and Robert F. Ellsworth, a current director and nominee for reelection as director, have no material relationship with our company (either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with our company), other than in his capacity as a director of our company. Based on this determination and the review by our board of directors of the additional general independence requirements under the New York Stock Exchange's listing standards (the "Listing Standards"), our board of directors has determined that each of these directors is an "independent director" under the Listing Standards.

**Vote Required**

The affirmative vote of a plurality of the votes cast by our shareholders at the annual meeting is required for the election of a director. Abstentions with respect to the election of a director will have no effect on the outcome on this matter.

**Recommendation of the Board of Directors**

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR<sup>1</sup> THE ELECTION OF THE NOMINEE.



**PRINCIPAL SHAREHOLDERS AND SECURITY OWNERSHIP OF MANAGEMENT**

The following table sets forth information with respect to the beneficial ownership of our common stock of June 6, 2006 by (1) each person or group known to us who beneficially owns (as defined in the rules of the Securities and Exchange Commission) more than five percent of our common stock, (2) our directors and executive officers individually, (3) all of our directors and executive officers as a group, and (4) the director nominee:

<b><u>Beneficial Owner (1)</u></b>	<b><u>Amount or Nature of Beneficial Owner (2)(3)</u></b>	<b><u>Percentage</u></b>
Robert Price	3,050,140 (3)	5.4%
Frank Osborn	1,000	(4)
Kim I. Pressman	268,659 (3)(5)	(4)
Robert B. Rosenstein	39,637	(4)
Robert F. Ellsworth	33,313	(4)
Directors and executive officers as a group (5 persons)	3,416,649	6.1%
Atticus Capital L.L.C.	10,664,926 (6)	19.0%
Frederick W. Green and Bonnie L. Smith	4,679,622 (7)	8.3%
Sowood Capital Management LP	4,452,392 (8)	7.9%

Address for each executive officer and director is our principal executive office located at 45 Rockefeller Plaza, New York, New York 10020.

Unless otherwise indicated, the persons named in the table have the sole power to vote and direct the disposition of these shares.

Includes options exercisable within 60 days of March 31, 2005. Excludes 10,500 options for Kim I.

Pressman at an exercise price of \$19.71, which are technically exercisable.

Less than 1%.

Excludes 20,403 shares held by Ms. Pressman's children as to which she disclaims beneficial ownership.

Based on a Form 4 filed with the SEC on June 7, 2006. The Form 4 states that Timothy R. Barakett is an additional reporting person, that Mr. Barakett is the chairman, chief executive officer and managing member of Atticus Capital L.L.C. and certain other affiliated entities and that based on these relationships, he is deemed to be a beneficial owner of the shares of common stock owned by various investment funds and managed accounts as to which such entities and their affiliates act as advisors. The principal address for Mr. Barakett is 152 West 57<sup>th</sup> Street, New York, New York 10019.

Based on Schedule 13G's filed with the SEC on February 9, 2006. 4,679,622 shares consists of (i) 4,107,998 shares beneficially owned by The Merger Fund; (ii) 15,345 shares beneficially owned by The Merger Fund VL; (iii) 242,947 shares beneficially owned by GS Master Trust; (iv) 139,970 shares beneficially owned by Institutional Benchmarks Series (Master Feeder) Limited; (v) 18,050 shares beneficially owned by MSS Merger Arbitrage 2 and (vi) 155,312 shares beneficially owned by Sphinx Merger Arbitrage, all of which each of Frederick W. Green and Bonnie L. Smith may be deemed to beneficially own by virtue of their respective positions as President (in the case of Mr. Green) and Vice-President (in the case of Ms. Smith) of Westchester Capital Management, Inc., the investment adviser of The Merger Fund and the Merger Fund VL, or by virtue of their position each as a member of Green & Smith Investment Management L.L.C., which is the investment adviser of each of the other private entities listed above. The principal address for each of Mr. Green, Ms. Smith, Westchester Capital Management, Inc., The Merger Fund, The Merger Fund VL and Green & Smith Investment Management L.L.C. is 100 Summit Drive, Valhalla, New York 10595. Each of Mr. Green, Ms. Smith, Westchester Capital Management, Inc., The Merger Fund, The Merger Fund VL and Green & Smith Investment Management L.L.C. disclaim membership in a group.

Based on a Schedule 13G filed with the SEC on February 14, 2006. The principal address for Sowood Capital Management LP is 500 Boylston Street, 17<sup>th</sup> Floor, Boston, Massachusetts 02116.



**DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth information with respect to our directors (including director nominees) and executive officers.

<b>Name</b>	<b>Age (as of December 31, 2005)</b>	<b>Office</b>
Robert Price	73	Director, President, Chief Executive Officer and Treasurer
Kim I. Pressman	49	Director, Executive Vice President, Chief Financial Officer, Assistant Treasurer and Secretary
Frank Osborn	58	Director
Stuart B. Rosenstein	45	Director
Robert F. Ellsworth	79	Director and Nominee for Reelection as Director

The following is a biographical summary of the experience of our executive officers and directors (including the director nominee) named above.

Robert Price has served concurrently as a Director and the Chief Executive Officer and President of our company since 1979, has served as Treasurer of the Company since 1990, and has been a Director of Price Communications Wireless Holdings, Inc. (["Holdings"]) and Price Communications Wireless since 1997. Mr. Price was a Director of PriCellular Corporation (["PriCellular"]) from 1990 until it was acquired by American Cellular Corporation in June 1998. Mr. Price was the President and Assistant Treasurer of PriCellular from 1990 until May 1997 and served as Chairman of PriCellular from May 1997 until June 1998. Mr. Price, an attorney, is a former General Partner of Lazard Freres & Co. Mr. Price has served as an Assistant United States Attorney, practiced law in New York and served as Deputy Mayor of New York City. After leaving public office, Mr. Price became Executive Vice President of The Dreyfus Corporation and an Investment Officer of The Dreyfus Fund. In 1972 he joined Lazard Freres & Co. Mr. Price has served as a Director of Lilly Sugar Corporation, Atlantic States Industries, The Dreyfus Corporation, Graphic Scanning Corp. and The Bryant, Inc., and is currently a member of The Council on Foreign Relations. Mr. Price has served as the Representative of the Majority Leader and President Pro Tem of the New York Senate and as a member of the Board of Directors of the Municipal Assistance Corporation for the City of New York. Mr. Price has also served as the nominee of the Governor of New York State as a trustee of the City University of New York. Since April 2001, he has been commissioner of the New York State Commission of Investigations.

Kim I. Pressman, a certified public accountant, is a graduate of Indiana University and holds an M.B.A. from New York University. Ms. Pressman was elected Executive Vice President & Chief Financial Officer of our company in May 1998 and was elected Secretary in April 2002. Prior to joining the Company in 1984 where she held various offices prior to her election to her current positions, Ms. Pressman was employed for three years by Peat, Marwick, Mitchell & Co., a national certified public accounting firm, and for more than three years thereafter was Supervisor, Accounting Policies for International Paper Company and then Manager, Accounting Operations for Corinthian Broadcasting of Dun & Bradstreet Company, a large group owner of broadcasting stations. Until June 1998, she served as a Director, Vice President and Secretary of PriCellular Corporation for more than the preceding five years.

Frank Osborn has been a director of our company since 2005. Mr. Osborn is the President and CEO of Quantum Communications, a group owner of radio stations. Prior to being President of Quantum Communications, Mr. Osborn was President and CEO of Aurora Communications from 1999 to 2002 and was Managing Director of Capstar Broadcasting from 1997-1998, other group owners of radio stations. From 1985 to 1997 he was President and CEO of Osborn Communications Corporation, a publicly-held company and from 1983 to 1985 was Senior Vice President/Radio for Price Communications Corporation. He began his career with NBC, where among other positions he held he was Vice President and General Manager of WNY-FM in New York City. Mr. Osborn received an MBA from the Wharton School of University of

nsylvania in 1973.

Stuart B. Rosenstein has been a director of our company since August 2000. Mr. Rosenstein is Owner and Managing Member of AMG Capital LLC, a firm which specializes in providing financing and lending to the real estate industry. Mr. Rosenstein co-founded LiveWire Ventures in 1998 and served as its Executive Vice President and Chief Financial Officer until May 2004. LiveWire is a diversified investment and management group focused primarily on companies that provide software and internet products and services for the media, telecom, utility, advertising, and new media industries. From 1990 to June 1998, Mr. Rosenstein was Executive Vice President and Chief Financial Officer of PriCellular Corporation. Mr. Rosenstein began his career with Ernst & Young and was a senior manager there at the time he joined Cellular Corporation. Mr. Rosenstein is a certified public accountant and a member of the AICPA and New York State Society of CPAs. He is a magna cum laude graduate of the State University of New York.

Robert F. Ellsworth has been a director of our company since 1981 and is a nominee for reelection as a director. Mr. Ellsworth is Chairman of Hamilton BioVentures LLP of San Diego, a venture capital firm and Managing Director of The Hamilton Group, LLC, a private venture group. From 1974 to 1977, Mr. Ellsworth served as an Assistant Secretary and then Deputy Secretary of Defense. Mr. Ellsworth was a General Partner of Lazard Freres & Co. from 1971 to 1974, and served in the United States House of Representatives from 1961 to 1967. Mr. Ellsworth's professional affiliations include the International Institute for Strategic Studies, London; Atlantic Council of the United States, Washington, D.C.; The Council on Foreign Relations, New York; and the American Council on Germany, New York.

#### **Meetings of the Board**

Our board of directors met 4 times during the year ended December 31, 2005. Each member of our board attended over 75% of the meetings of the board and the committees of the board of which he or she is a member held during the year while he or she was a member. Our company encourages, but does not require, the members of the board to attend our company's annual meeting of shareholders. All members of the board attended the annual shareholder meeting in May 2005. Our non-management directors may meet in executive session, without management, at any time, and are regularly scheduled for non-management executive sessions at least twice each year. During the year ended December 31, 2005 our independent directors met 4 times in executive session without management. The independent directors select one independent director to preside over each meeting of the independent directors.

In order to communicate with our board of directors as a whole, with non-management directors or with specified individual directors, correspondence may be directed to: Secretary, Price Communications Corporation, 45 Rockefeller Plaza, New York, New York 10020. The Secretary will submit your correspondence to our board of directors or the appropriate committee, as applicable. You may communicate directly with our board of directors, or the non-management directors as a group, or any individual director, by sending correspondence to the board of directors, Price Communications Corporation, 45 Rockefeller Plaza, New York, New York 10020.

#### **Committees of the Board**

Our board of directors has an Audit and Finance Committee, a Stock Option and Compensation Committee and a Nominating and Governance Committee.

The Audit and Finance Committee consists of Messrs. Ellsworth, Osborn and Rosenstein. Our board of directors has considered whether the members of the Audit and Finance Committee satisfy the "independence" and "financial literacy" requirements for audit committee members as set forth in the Listing Standards. Our board of directors has concluded that all members satisfy the requirements of the Listing Standards and are "independent" as defined by Securities and Exchange Commission rules. In addition, our board of directors has concluded that Mr. Rosenstein also qualifies as an "audit committee financial expert" as defined by Securities and Exchange Commission rules, and has the "accounting or related financial management expertise" required by the Listing Standards. No member of the Audit and Finance Committee serves on an audit committee of more than three public companies. The Audit and Finance Committee held 5 meetings during 2005. A copy of the written charter of the Audit and Finance Committee may be viewed at our corporate website, [www.pricecommunicationscorp.com](http://www.pricecommunicationscorp.com), under the



ading "Committees and Charters". In addition, a printed copy of this charter will be provided to any shareholder upon request to Secretary, Price Communications Corporation, 45 Rockefeller Plaza, New York, New York 10020.

The Stock Option and Compensation Committee consists of Messrs. Ellsworth, Osborn and Rosenstein. The Stock Option and Compensation Committee's functions include reviewing and approving arrangements relating to the compensation of our executive officers and administering our 2003 Long Term Incentive Plan. The Stock Option and Compensation Committee also reviews and approves factors to be taken into account relative to our chief executive officer's compensation, evaluates our chief executive officer's performance, determines and approves the chief executive officer's compensation level based on this evaluation and makes recommendations to our board with respect to non-CEO compensation incentive and equity-based plans. It also prepares the report required by the Securities and Exchange Commission's proxy rules to be included in our company's proxy statement or annual report on Form 10-K and performs such other duties and responsibilities set forth in a written charter recently approved by our board of directors and which complies with the Listing Standards. All members of the Stock Option and Compensation Committee are independent directors under the Listing Standards. The Stock Option and Compensation Committee held 3 meetings during 2005. The written charter of the Stock Option and Compensation Committee may be viewed at our corporate website, [www.pricecommunicationscorp.com](http://www.pricecommunicationscorp.com), under the heading "Committees and Charters". In addition, a printed copy of this charter will be provided to any shareholder upon request to our Secretary at the address listed above.

The Nominating and Governance Committee consists of Messrs. Ellsworth, Osborn and Rosenstein. The function of the Nominating and Governance Committee is to assist our board of directors by (i) reviewing and recommending for the board's approval certain policies regarding the nomination of directors; (ii) identifying individuals qualified to become directors; (iii) evaluating and recommending for the board's selection nominees to fill positions on the board; (iv) developing and recommending to the board a set of Corporate Governance Guidelines applicable to our company; and (v) overseeing the evaluation of the board and management. In considering possible candidates for election as a director, the Nominating and Governance Committee is guided by the principle that each director (a) be an individual of high character and integrity, (b) be accomplished in his or her respective field, with superior credentials and recognition, (c) have relevant expertise and experience upon which to be able to offer advice and guidance to management, (d) have sufficient time available to devote to the affairs of our company; (e) be able to work with the other members of the board and contribute to the success of our company; (f) represent the long-term interests of our company's shareholders as a whole; and (f) be selected such that the board presents a diversity of backgrounds and experience. Each director must be at least 18 years of age.

All members of the Nominating and Governance Committee are independent directors under the Listing Standards. The Nominating and Governance Committee held 1 meeting during 2005. The written charter of the Nominating and Governance Committee may be viewed at our corporate website, [www.pricecommunicationscorp.com](http://www.pricecommunicationscorp.com), under the heading "Committees and Charters". In addition, a printed copy of this charter will be provided to any shareholder upon request to our Secretary at the address listed above.

Shareholders may propose director candidates for consideration by the Nominating and Governance Committee by delivering timely notice in proper written form. To be timely, notice of a proposed nomination must be delivered to or mailed and received at our principal executive offices at 45 Rockefeller Plaza, New York, New York 10020 not less than 50 days nor more than 90 days prior to our annual meeting of shareholders; provided, however, that if less than 50 days' notice or prior public disclosure of the date of the meeting is given or made to our company's shareholders, the proposed nomination must be received not later than the earlier of (i) the tenth day following the day on which such notice of the date of the meeting is mailed or such public disclosure was made, or (ii) the last business day prior to the meeting date. Proposed nominations must include (a) the name and address, as they appear on our company's books, of the shareholder proposing the proposed nominee, (b) the class and number of shares of our company that are beneficially owned by such shareholder, (c) the proposed nominee's full name, business address, residential address and principal occupation or employment, and qualifications for board membership, (d) the class and number of shares that are beneficially owned by the proposed





nominee, and (e) any other information relating to the proposed nominee that is required to be disclosed in connection with the solicitation of proxies for election of directors, or is otherwise required, in each case, pursuant to Regulation 14A under the Exchange Act or any successor regulation or law. Any such nomination must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected. Our company will forward all proposed nominations to the Nominating and Governance Committee for consideration. The Committee may, but will not be required to, consider proposed nominations not properly submitted in accordance with this policy. The Committee may request other information from any proposed nominee. All proposed nominees properly submitted to our company (which the Committee otherwise elects to consider) will be evaluated and considered by members of the Committee using the same criteria as nominees identified by the Committee itself.

#### **Report of the Audit and Finance Committee**

The following is the report of our Audit and Finance Committee with respect to our audited financial statements for fiscal year ended December 31, 2005. This report shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission, nor shall it be incorporated by reference into any future filings under the Securities Act or the Exchange Act except to the extent we specifically incorporate it by reference into such filing.

During 2005, the Audit and Finance Committee consisted of Robert F. Ellsworth, Frank Osborn and Stuart B. Rosenstein. Each of such persons is "independent" as defined under the Listing Standards.

The responsibilities of the Audit and Finance Committee are set forth in its written charter, which has been approved by the board of directors and which complies with the Listing Standards. A copy of this charter may be obtained from the Company in the manner described elsewhere in this proxy statement. The function of the Audit and Finance Committee is to assist the board of directors in its oversight of (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the qualifications and independence of the Company's outside auditor; and (iv) the performance of the Company's outside auditor. In particular, the Committee shall serve as an independent party to monitor the Company's financial reporting processes and internal control system; discuss the audit conducted by the Company's outside auditor; and provide an open avenue of communication among the outside auditor, management and the board. The Audit and Finance Committee held 5 meetings during 2005.

The Audit and Finance Committee has reviewed and discussed our audited financial statements with management. The Audit and Finance Committee has also discussed with the Company's independent registered public accounting firm, BDO Seidman, LLP, matters relating to the auditors' judgments about the quality, as well as the acceptability, of our accounting principles, as applied in our financial reporting as required by Statement of Auditing Standards No. 61, as amended (Communications with Audit Committees). In addition, the Audit and Finance Committee has discussed with BDO Seidman their independence from management and us, as well as the matters in the written disclosures received from its independent auditors and required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees.

Based on the Audit and Finance Committee's review and discussions referred to above, the Audit and Finance Committee recommended to the board of directors that our audited financial statements be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2005 for filing with the Securities and Exchange Commission.

**Robert F. Ellsworth  
Frank Osborn  
Stuart B. Rosenstein  
(Members of the Audit and Finance  
Committee)**



**Directors Compensation**

Directors are compensated for their reasonable travel and related expenses in attending (in-person) board of directors or committee meetings, and directors who are not officers or employees receive fees of \$5,000 per annum. No additional fee is paid to directors for attendance at meetings of the board or committees.

**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table sets forth summary information concerning the compensation paid to our chief executive officer and another executive officer for the three years ended December 31, 2005.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Annual Compensation</b>		<b>Long-Term Compensation</b>	
		<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Securities Underlying Options</b>	<b>All Other Compensation</b>
Robert Price	2005	\$850,000	\$1,000,000	□	□
President, Chief Executive Officer and Treasurer	2004	\$850,000	\$1,090,000	52,500	□
	2003	\$850,000	\$1,025,000	□	□
Sam I. Pressman	2005	\$300,000	\$500,000	□	□
Executive Vice President, Chief Financial Officer, Assistant Treasurer and Secretary	2004	\$300,000	\$515,000	52,500	□
	2003	\$300,000	\$425,000	□	□

**Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values**

The following table reflects the number of stock options held by our executive officers on December 31, 2005.

<b>Name</b>	<b>Shares Acquired on Exercise</b>	<b>Value Realized (\$)</b>	<b>Number of Securities Underlying Unexercised Options at Fiscal Year End</b>		<b>Value of Unexercised In-the-Money Options at Fiscal Year End</b>	
			<b>Exercisable</b>	<b>Unexercisable</b>	<b>Exercisable</b>	<b>Unexercisable</b>
Robert Price	□	□	210,000	52,500	□	□
Sam I. Pressman	□	□	270,456	52,500	\$455,273	□

**Stock Option and Compensation Committee Report on Executive Compensation**

Under the rules of the SEC, this report is not deemed [soliciting material] and is not incorporated by reference in any filing with the SEC under the Securities Act or the Exchange Act.

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The Stock Option and Compensation Committee of our board of directors has been composed of three non-employee directors, Robert F. Ellsworth, Frank Osborn and Stuart B. Rosenstein. Each of such persons is independent as defined under the Listing Standards. The Committee is responsible for developing and making recommendations to our board of directors with respect to our executive compensation policies and the annual compensation paid to our executive officers and administering our 2003 Long Term Incentive Plan. The Committee believes that our compensation arrangements should

able us to attract and retain highly qualified executive employees, reward individual performance and  
ter an identity of interest between management and us.

The main objectives of the executive compensation program are:

- to align compensation opportunities with shareholder interests;
- to provide compensation that is competitive when compared with various markets in which the Company competes for executive talent; and
- to divide total compensation between base and incentive compensation components with significant incentive related component.

The Committee has historically viewed stock options as key elements to focus executives on increasing  
shareholder value.

The Company currently has no operating assets and three employees, including Mr. Price and Ms.  
Pressman. This report consequently describes the historical elements of our executive compensation  
program and the current basis on which the compensation of our chief executive officer has been  
determined.

#### *Annual Compensation*

Base Salary. In general, we have historically aligned base pay for executives to be competitive with  
market rates. The pay review considered level of experience, individual performance against annually  
established financial and non-financial unit and individual objectives, and competitive market salary rates  
in similar positions.

Annual Bonuses. All executives have historically been eligible for annual bonuses for achieving  
challenging financial, leadership and operational objectives that are established at the beginning of each  
year. To determine annual bonus awards, the Committee performed a detailed review of our and the  
individual executive's performance.

#### *Long-term Incentives*

The Company has historically used stock options to link executive compensation to our longer term  
internal performance and to external market performance of our stock price.

Stock options have historically been granted to executives and other key personnel with an exercise  
price equal to the market price of the stock on the date of grant. The potential future value of stock options  
has been dependent solely upon the future increase in the price of our stock. Stock option award levels have  
been based on each recipient's position level and performance as well as the competitive level of option  
awards for comparably situated executives. The exercise price of option grants has historically typically been  
equal to 100 percent of the market price of the Company's common stock on the grant date. Options have a  
four-year exercise period, and typically become exercisable in installments during the first two years  
following their grant.

Annual grants of restricted stock are not presently part of our executive compensation program.  
However, grants of restricted stock may occur in the future as warranted by changing competitive  
conditions.

Most of the Company's outstanding stock options (which are held by Mr. Price and Ms. Pressman) were  
granted with an exercise price significantly in excess of the market price of the stock on the date of grant,  
with the remainder having been granted with an exercise price at the then market price. On February 16,  
2006, the company repurchased options to purchase 210,000 shares of the Company's common stock from

ch of Mr. Price and Ms. Pressman at \$1.00 per share.

*Compensation of the Chief Executive Officer*

The Company currently has no operating assets. Consequently, the Committee believes that the best measure of Mr. Price's contribution to shareholder value is the long-term performance of the Company's stock in comparison to other wireless telephone companies and that, in setting compensation, the Committee should also take into account compensation received by chief executive officers of other wireless telephone companies. Mr. Price's compensation currently includes base salary and annual bonuses and has in the past included (and may in the future include) stock option grants.

Mr. Price's annual base salary for 2005 was \$850,000 and his annual bonus for 2005 was \$1,000,000. The salary and bonus figures were based on the Committee's evaluation of the long-term performance of the Company's stock in comparison to the stock of other wireless telephone companies and the compensation paid to the chief executive officers of other wireless telephone companies.

Pursuant to Section 162(m) of the Internal Revenue Code compensation exceeding \$1 million paid to our chief executive officers may not be deducted by us unless such compensation is performance based and paid pursuant to criteria approved by our shareholders. The Committee considered the provisions of Section 162(m) in setting 2005 compensation paid to Mr. Price.

**Robert F. Ellsworth**  
**Frank Osborn**  
**Stuart B. Rosenstein**  
**(Members of the Stock Option and**  
**Compensation Committee)**

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**STOCK PRICE PERFORMANCE**

The following graph shows the five year cumulative total return (change in the year-end stock price plus reinvested dividends) to our shareholders compared to the Standard & Poor's 500 Index and the Standard & Poor's Cellular/Wireless Telecommunications Industry Index cumulative total return. The graph assumes investment of \$100 on December 31, 2000 in our common stock, the Standard & Poor's Cellular/Wireless Telecommunications Industry Index and the Standard & Poor's 500 Index and the reinvestment of dividends. The companies represented in the Standard & Poor's Cellular/Wireless Telecommunications Industry Index are not necessarily similar in size to us and include some companies larger than us. The stock price performance shown on the graph is not necessarily indicative of future price performance.

**Total Return to Shareholders  
(Dividends reinvested monthly)**

Company/Index	Total Return to Shareholders (Dividends reinvested monthly) Annual Return Percentage Year Ending December 31,					
	2000	2001	2002	2003	2004	2005
Signet Communications Corporation	100.00	13.55	-27.55	-0.72	42.17	-20.01
S&P 500 Index	100.00	-11.89	-22.10	28.68	10.88	4.91
S&P 500 Wireless Telecommunications Services	100.00	-21.65	-59.70	77.72	57.34	1.89

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Company/Index	Base Period 2000	Indexed Returns Ending December 31,				
		2001	2002	2003	2004	2005
Verizon Communications Corporation	100.00	113.55	82.26	81.67	116.10	92.87
S&P 500 Index	100.00	88.11	68.64	88.33	97.94	102.75
S&P 500 Wireless Telecommunications Services	100.00	78.35	31.57	56.11	88.28	89.95

#### Standard & Poor's Valuation

The Standard & Poor's Stock Reports dated March 25, 2006 for our company stated that \$10,000 invested in our common stock five years before the date of such report would have had a value of \$10,919 the date of such report.

### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires directors, executive officers and beneficial owners of 10% or more of any class of our equity securities to file with the SEC initial reports of ownership and changes in ownership of our securities. Directors, executive officers and 10% owners are required by SEC regulation to furnish us with copies of all Section 16(a) forms that they file. To our knowledge, based solely on review of the copies of such reports furnished to us and written representations of each our directors and executive officers that no other reports were required to be filed by him or her, we believe that all Section 16(a) filing requirements applicable to our directors, executive officers and 10% owners were timely satisfied during the year ended December 31, 2005.

### RELATED PARTY TRANSACTIONS

There were no transactions with any of our directors, executive officers, 5% shareholders or any of their respective family members since January 1, 2005 that would be required to be reported pursuant to Rule 4(a) of Regulation S-K.

### MATTERS RELATING TO OUR ACCOUNTANTS

#### Fees Paid to Principal Accountant

For the fiscal years ended December 31, 2004 and December 31, 2005, our principal independent accountant during these periods (BDO Seidman, LLP) billed the approximate fees set forth below.

*Audit Fees.* Aggregate fees billed by BDO Seidman in connection with its audit of our consolidated financial statements and internal controls as of and for the year ended December 31, 2004 and its limited reviews of our unaudited condensed consolidated interim financial statements were \$180,000. Aggregate fees billed by BDO Seidman in connection with its audit of our consolidated financial statements and internal controls as of and for the year ended December 31, 2005 and its limited reviews of our unaudited condensed consolidated interim financial statements were \$198,000.

*Audit-Related Fees.* During the last two fiscal years, BDO Seidman has not provided our company with assurance and related services that are not principally related to the audit or review of our consolidated financial statements.

*Tax Fees.* During the last two fiscal years, BDO Seidman has not provided our company with services in connection with tax compliance, tax advice or tax planning.



*All Other Fees.* During the last two fiscal years, BDO Seidman has not billed any other fees to our company.

*Pre-Approval Policies and Procedures.* The Audit and Finance Committee has adopted a policy for pre-approval of the above fees. The Audit and Finance Committee shall, to the extent required by any applicable legal or regulatory requirement, pre-approve all auditing services and permitted non-audit services provided to our company by our outside auditor. To the extent permitted by applicable laws, regulations and NYSE rules, the Committee may delegate pre-approval of audit and non-audit services to one or more members of the Committee. Such member(s) must then report to the full Committee at its next scheduled meeting if such member(s) pre-approved any audit or permitted non-audit services.

All services that are described in [Audit Fees] were approved by the Audit and Finance Committee.

### **Attendance of Auditors at Annual Meeting**

BDO Seidman, LLP has been engaged as our company's independent auditors for 2006. A representative of BDO Seidman is expected to be present at the annual meeting and available to respond to appropriate questions, and will also have the opportunity to make a statement if such representative so desires.

### **FINANCIAL INFORMATION**

Financial statements of the Company contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2005 are incorporated herein and made a part hereof.

**WE WILL PROVIDE TO EACH SHAREHOLDER, WITHOUT CHARGE, A COPY OF OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.** To obtain a copy, see the [Where You Can Find More Information] section of this proxy statement.

### **HOUSEHOLDING OF PROXY STATEMENT**

In accordance with Rule 14a-3(e)(1) under the Exchange Act, one proxy statement will be delivered to one or more shareholders who share an address, unless we have received contrary instructions from one or more of the shareholders. We will deliver promptly upon written or oral request a separate copy of this proxy statement to any shareholder at a shared address to which a single copy of the proxy statement was delivered. Requests for additional copies of this proxy statement, and requests that in the future separate proxy statements be sent to stockholders who share an address, should be directed to Price Communications Corporation, 45 Rockefeller Plaza, Suite 3200, New York, New York 10020, Attention: Kim I. Pressman, Executive Vice President, Chief Financial Officer, Assistant Treasurer and Secretary.

### **WHERE YOU CAN FIND MORE INFORMATION**

Our company files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information that we file at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at <http://www.sec.gov>.

The SEC allows us to [incorporate by reference] information into this proxy statement. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this document, except for any information superseded by information in this document. This proxy statement incorporates



reference the documents that we have previously filed with the SEC (File No. 1-08309), as set forth in the Documents Incorporated by Reference section of this proxy statement.

We are also incorporating by reference additional documents that we file with the SEC between the date of this proxy statement and the date of our 2006 annual meeting.

Any statement contained in a document incorporated or deemed to be incorporated in this proxy statement by reference will be deemed to be modified or superseded for purposes of this proxy statement to the extent that a statement contained in this proxy statement or any other subsequently filed document that is deemed to be incorporated in this proxy statement by reference modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this proxy statement.

You may already have received some of the documents incorporated by reference, but you can obtain copies of them from us or the SEC. Documents incorporated by reference are available from us without charge, including all exhibits, unless we have specifically incorporated by reference an exhibit in this proxy statement. Shareholders may obtain these documents incorporated by reference by requesting them in writing or by telephone at the following address:

Price Communications Corporation  
45 Rockefeller Plaza  
New York, New York 10020  
Tel: (212) 757-5600

If you would like to request documents from us, please do so by June 11, 2006 to receive them before the annual meeting. We will send the documents by first-class mail within one business day of receiving your request.

In considering the proposals, you should rely only on the information contained or incorporated by reference in this proxy statement. We have not authorized anyone to provide you with information that is different from what is contained in this proxy statement or the documents incorporated by reference herein. This proxy statement is dated June 19, 2006. You should not assume that the information in it is accurate as of any date other than that date.

#### **OTHER MATTERS**

It is not anticipated that any other matters will be brought before the annual meeting. If other matters are properly brought before the annual meeting, proxies for shares of common stock will be voted in accordance with the best judgment of the proxy holders.

#### **CODE OF CONDUCT**

In 2004, we adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees and complies with the Listing Standards. A copy of the Code of Business Conduct and Ethics may be viewed at our corporate website, [www.pricecommunicationscorp.com](http://www.pricecommunicationscorp.com), under the heading "Code of Conduct." In addition, a printed copy of our Code of Business Conduct and Ethics will be provided to any shareholder upon request to Secretary, Price Communications Corporation, 45 Rockefeller Plaza, New York, New York 10020.

In addition, the Company has adopted Corporate Governance Guidelines which can also be viewed at our corporate website, [www.pricecommunicationscorp.com](http://www.pricecommunicationscorp.com), under the heading "Governance Guidelines." You may also request a copy of our Corporate Governance Guidelines by calling us at 212-757-5600.



**SHAREHOLDERS' PROPOSALS FOR 2007 ANNUAL MEETING**

Proposals of shareholders intended to be included in the proxy statement for our 2007 Annual Meeting of Shareholders must be received by us no later than January 15, 2006. Proposals of shareholders intended to be considered at the 2007 Annual Meeting of Shareholders but not included in the proxy statement for that meeting must be received by us no later than March 1, 2007. Our company may exercise its discretionary voting authority to direct the voting of proxies on any matter submitted for a vote at the 2007 Annual Meeting of Shareholders if notice concerning proposal of such matter is not received prior to March 1, 2007.

By the order of the Board of Directors,

/s/ Kim I. Pressman

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Kim I. Pressman  
*Executive Vice President, Chief Financial Officer, Assistant  
Treasurer and Secretary*

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY CARD AND PROMPTLY MAIL IT IN THE ENCLOSED POSTAGE PREPAID RETURN ENVELOPE. YOUR PROMPT RESPONSE WILL ENSURE THAT YOUR SHARES ARE REPRESENTED AT THE ANNUAL MEETING, AND WILL REDUCE OUR EXPENSE IN SOLICITING PROXIES. IF YOU LATER DECIDE TO ATTEND THE MEETING AND VOTE IN PERSON, YOU MAY DO SO.**

**DOCUMENTS INCORPORATED BY REFERENCE**

This proxy statement incorporates by reference the documents listed below, which contain important business and financial information. The information incorporated by reference is considered part of this proxy statement, except for any information superseded by information contained in this proxy statement.

Proxy Statement of Price Communications Corporation and Prospectus of Verizon Wireless of the East LP and Verizon Communications Inc. (File no. 333-82408)	Filed on May 31, 2002
Annual Report on Form 10-K of Price Communications Corporation	Fiscal year ended December 31, 2005
Current Reports on Form 8-K of Price Communications Corporation	Filed on March 17, 2006

Documents filed by Price under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, after the date of this proxy statement and before the date of the annual meeting are deemed to be incorporated by reference into and to be part of this proxy statement from the date of filing of those documents.



**PRICE COMMUNICATIONS CORPORATION**

**PROXY**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

**This proxy is solicited on behalf of the Board of Directors of Price Communications Corporation for the 2006 annual meeting of shareholders on July 25, 2006.** The undersigned appoints Robert Price and Kim I. Pressman, and each of them, with full power of substitution in each, the proxies of the undersigned, to represent the undersigned and vote all shares of Price Communications Corporation common stock that the undersigned may be entitled to vote at the 2006 annual meeting of shareholders to be held on July 25, 2006, and at any adjournments or postponements thereof as indicated on the reverse hereof.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED THEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE FOR A PROPOSAL, THIS PROXY WILL BE COUNTED AS A VOTE IN FAVOR OF THAT PROPOSAL.**

**The Board of Directors recommends a vote FOR each of the proposals below.**

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Mark, Sign, Date and Return the Proxy Card Promptly Using the Closed Envelope	<input checked="" type="checkbox"/>  Votes must be indicated (X) in Black or Blue ink.	Please sign exactly as your name appears on your stock certificates. When joint tenants hold shares, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.
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1. PROPOSAL THAT THE COMPANY SHOULD BE DISSOLVED AFTER WE RECEIVE VERIZON COMMON STOCK IN EXCHANGE FOR OUR INTEREST IN VERIZON WIRELESS OF THE EAST LP

FOR                       AGAINST                       ABSTAIN

2. TO REELECT ONE DIRECTOR FOR A TERM OF THREE YEARS EXPIRING IN 2009

Nominee: Robert F. Ellsworth    FOR                       WITHHELD

3. In their discretion upon such other matters as may properly come before the meeting.

Shareholder sign here                      Date

\_\_\_\_\_  
Co-Owner sign here

