

WASHINGTON: AT&T's \$1.9 billion offer for some of Qualcomm Inc's wireless licenses will be tied to a simultaneous review of AT&T's \$39 billion proposed takeover of T-Mobile USA, US communications regulators said in a letter sent.

The Federal Communications Commission, citing the many related issues, dropped the agency's informal 180-day timeline for review of the Qualcomm deal. The move could significantly delay completion of the smaller Qualcomm deal because the review of AT&T's bid for Deutsche Telekom AG's T-Mobile is expected to span at least into the first quarter of 2012.

Qualcomm said swift action on its deal was in line with the FCC's goal to free up more airwaves for mobile broadband use. The company said the deal would not only re-purpose unused spectrum for wireless Internet services, but it would also allow it to invest and deploy more spectrum efficient technology.

"The FCC should approve the pending AT&T-Qualcomm spectrum sale now because of the clear benefits to the public from the sale that stand on their own and are totally unrelated to the proposed AT&T-T-Mobile merger," Dean Brenner, vice president of government affairs for Qualcomm, said in a statement.

But the FCC said it was concerned about AT&T amassing spectrum across the country, especially in overlapping areas, among other issues.

"We have concluded that the best way to determine whether either or both of the proposed transactions serve the public interest is to consider them in a coordinated manner at this time," the FCC's Wireless Telecommunications Bureau said in a letter to AT&T and Qualcomm.

The decision does not prevent the agency from considering the deals separately at a later date.

The FCC is weighing whether the proposed merger with T-Mobile is in the public interest, while the Justice Department is conducting an antitrust review.

If approved as proposed, the merger would concentrate 80 percent of the US wireless market in just two companies: AT&T/T-Mobile and Verizon Wireless, a venture of Verizon Communications Inc and Vodafone Group Plc.

AT&T argues the purchase of T-Mobile will help it expand faster service to more customers. Critics charge that less competition will increase prices and limit consumer choice.

Public interest groups, including the Consumers Union, Free Press, the Media Access Project, Public

Knowledge and the New America Foundation, asked the FCC in April to link the reviews of AT&T's transactions, saying the deals would "further empower an already dominant wireless carrier to leverage its control over devices, backhaul, and consumers in ways that stifle competition."

Free Press Policy Director Matt Wood said: "We hope the FCC takes into account the serious harm that will be done to innovation, competition and consumers by both acquisitions and rejects these transactions outright."

AT&T has said US government remedies to free up more U.S. airwaves for wireless services are not coming fast enough and were an important driver behind its plans to acquire T-Mobile.

AT&T estimates it will carry the equivalent of the volume of all the mobile traffic it handled last year in just the first six or seven weeks of 2015, as explosive demand continues for wireless devices such as Apple Inc's iPhone.

A spectrum shortage would mean clogged networks, more dropped calls and slower connection speeds for wireless customers.