

The recently announced spectrum deal between Verizon Communications, Inc and T-Mobile USA have significant implications for the U.S. telecom industry. The deal is subject to regulatory approval by the Federal Communications Commission and the Department of Justice. Any conditions or lack thereof on these deals can affect how other deals like Dish Network's application to build a wireless network are affected.

The deal, if approved, is considered as a positive for these two operators and Leap Wireless International, Inc., as it improves their ability to deploy LTE. Following regulatory approval, T-Mobile would use this spectrum to augment its 4G mobile broadband service, including the rollout of LTE service next year. Meanwhile, the deal also bodes well for tower operators such as **American Tower Corp.**, Crown Castle International Corp., and SBA Communications Corp., as it improves T-Mobile' ability to upgrade its network to LTE. However, the deal could be negative for other carriers looking to sell spectrum or wholesale capacity to T-Mobile, such as Clearwire Corp.

Regulators are expected to approve all of Verizon's pending spectrum transactions by the end of the summer. These approvals should shine light on what conditions are necessary in order for carriers to execute spectrum deals.

"This has implications for DISH as it will help investors understand its options for monetizing its extensive spectrum holdings, such as potentially selling them to a major wireless carrier (as has been reported in the media)," Deutsche Bank analyst Brett Feldman wrote in a note to clients. Verizon and T-Mobile USA have agreed to a series of spectrum deals under which T-Mobile would buy Advanced Wireless Services (AWS) spectrum licenses in markets covering 20 percent of the US population (60 million POPs) in exchange for licenses covering 22 million POPs and cash.

The transaction will improve T-Mobile's spectrum position in 15 of the top 25 markets in the U.S. by providing an opportunity for T-Mobile both to acquire additional AWS spectrum and to realign its existing spectrum holdings.