

AT&T details hunt for WCS, AWS spectrum

Spectrum deals are part of race to keep up with Verizon

AT&T Mobility's ([NYSE:T](#)) pending deals for AWS and 2.3 GHz WCS spectrum were fleshed out in an FCC filing, giving greater clarity to the carrier's bid to keep pace with rival Verizon Wireless ([NYSE:VZ](#)) as the two hunt for more radio waves for LTE.

According to AT&T's filing, the carrier would acquire between 5 and 30 MHz of WCS spectrum from NextWave Wireless in 476 cellular market areas, achieving a maximum of 30 MHz WCS spectrum. AT&T is also hunting for between 10 and 30 MHz of additional AWS spectrum from NextWave in 28 markets.

In addition to the NextWave deal, which AT&T has valued at \$600 million, the carrier is also seeking more WCS spectrum from Comcast and Horizon Wi-Com, which are two of the last remaining WCS spectrum holders outside of AT&T and NextWave. AT&T wants between 10 and 25 MHz of WCS spectrum from Comcast in 149 markets and 10 MHz of WCS spectrum from Horizon Wi-Com in 132 markets. The values of those transactions have not been disclosed.

AT&T has also proposed a separate deal with Sirius XM to transform the WCS band and prevent interference.

If all of AT&T's work in the WCS band is approved by the FCC, analysts estimate AT&T will end up with around 20 MHz of nationwide WCS spectrum. The carrier plans to deploy LTE in its WCS spectrum in order to supplement its LTE deployments in its 700 MHz and AWS spectrum. AT&T has said it can start deploying LTE in its WCS spectrum in three years.

Meanwhile, NextWave was sued by a shareholder who alleges that the AT&T deal undervalues the company. The shareholder, Burt Weiss, said in a filing Friday in Delaware Chancery Court that the company is not doing all it can to get the best price. Under the terms of the deal, AT&T will acquire all the equity of NextWave for approximately \$25 million plus a contingent payment of up to approximately \$25 million. AT&T will also, through a separate agreement with

NextWave's debtholders, acquire or retire all of the company's \$550 million in outstanding debt for a total of \$600 million in cash.

The lawsuit contends that the deal will "cure the massive debt owed by the company to several of its officers and directors," including senior and subordinated note-payoffs, "lucrative severance payments" and vested stock options, according to *Bloomberg*. NextWave declined to comment.

AT&T's spectrum purchases come as FCC Chairman Julius Genachowski plans propose to his fellow commissioners later this month that the agency review its rules for how much spectrum a carrier should be able to hold. The rules determine the FCC's so-called spectrum-screen, which it uses when reviewing spectrum transactions; if a carrier acquires too much spectrum and violates the screen, the deal is more closely scrutinized.

The FCC recently approved Verizon's \$3.9 billion purchase of 20 MHz of nationwide AWS spectrum from a group of cable companies, as well as related spectrum deals with T-Mobile USA and Cricket provider Leap Wireless ([NASDAQ:LEAP](https://www.nasdaq.com/symbol/leap)).