

Verizon pays \$3.6 bn to buy spectrum from cable firms

December 4 2011, by Paul Handley



US cellphone giant Verizon Wireless will pay \$3.6 billion to buy spectrum from Comcast and two other communications groups, a move that will bring it new paths to access 259 million consumers.

US cellphone giant Verizon Wireless said Friday it will pay \$3.6 billion to buy wireless spectrum from three leading cable providers which are bowing out of plans to plunge into the cellphone business.

But at the same time, Verizon and the three -- [Comcast](#), Time Warner Cable and Bright House Networks -- will begin cross-marketing their services, in a move that further closes the gap between two sides of the phone, Internet and entertainment carrier business.

The country's largest [cellphone](#) carrier, Verizon Wireless will pick up 122 Advanced Wireless Services (AWS) spectrum licenses from SpectrumCo LLC, a joint venture of the three big providers of cable television, Internet and telephone land line services.

Verizon said the airwaves would open up access to 259 million potential customers for its newest generation 4G LTE wireless service.

"Spectrum is the raw material on which [wireless networks](#) are built, and buying the AWS spectrum now solidifies our network leadership into the future," said Dan Mead, president and chief executive of [Verizon Wireless](#).

The three cable companies meanwhile were giving up their effort to push into the hard-to-crack US cellphone business, dominated by Verizon, AT&T and Sprint.

They said they earned a good return on the investment into the wireless spectrum licenses, bought in an US government auction in 2006 for \$2.4 billion but never made use of.

[Time Warner Cable](#) is "pleased to have obtained an attractive price for the spectrum we're selling," said president Rob Marcus.

Instead the three have reached agreements with Verizon to cross market products, meaning a company like Comcast will be able to add Verizon cellphone services to the bundle of [cable television](#) and Internet and land line phones it currently offers home subscribers.

In four years the [cable companies](#) could begin buying Verizon's wireless service in bulk and selling it to their customers under their own brand.

While the deal preserves Verizon from a direct assault on its business from the [cable providers](#), it also bridges the gap between the two sides as consumers increasingly turn to wireless services for entertainment like movies once only available via cable at home.

"There's no question that we live in a world that is becoming more connected and more mobile every day," Comcast Cable president Neil Smit said in a statement.

"These agreements enable us to execute our long-term wireless strategy and expand our focus on providing mobility to our Xfinity services, to give customers even more ways to experience entertainment, communicate and connect."

The sale remains subject to the approval of the Federal Communications Commission, which has recently expressed concern about the lack of competition in cellphone services, opposing a merger between AT&T and fourth-ranked T-Mobile.

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