

*Wireless*

## FCC's National Broadband Plan: Let's grab \$44 Billion for Uncle Sam . . selling 120 MHz of DTV spectrum.

But who will bring the really big checks?

Nordahl's NEW 105-page Report "The Future of the U.S. Television Business" unravels the facts.

▶ The FCC raised about \$19 billion for the U.S. Treasury in the March 2008 spectrum auction, actually selling 52 MHz in the 700 MHz UHF TV band which was to be vacated by the broadcasters in 2009 (the final DTV transition). This March 2008 FCC auction happened six months before the September 2008 Lehman Brothers crash, while the economy was still in high gear.

**Table 27: Spectrum Buyers in 2008 — 700 MHz Band**

Rank	Buyer	Amount Paid	% of \$19 B Total Proceeds
1	Verizon Wireless	\$ 9.4 Billion	50%
2	AT&T Wireless	\$ 6.6 Billion	35%
3	EchoStar/DISH	~\$ 0.7 Billion	3.7%
4	Qualcomm	~\$ 0.6 Billion	3.1%
5	MetroPCS	~\$ 0.3 Billion	1.7%

Table 27 shows that only two buyers (Verizon and AT&T) accounted for about 85% or \$16 billion of the \$19 billion total proceeds. EchoStar/DISH (Ranked #3 above) only spent \$711 million for UHF Ch.56 nationwide (except for Qualcomm's Ch.56 some metro areas). Qualcomm (ranked #4 above) acquired Ch.56 in New York, Boston and Los Angeles for \$588 million, presumably to be ready to add services in major markets related to its FLO TV mobile TV service which recently was announced by Qualcomm to be closed down by early 2011.

Google participated in the auction, but reportedly with a strategy to push prices up, and not necessarily to buy spectrum. Sprint (wireless provider #3) and T-Mobile (wireless provider #4) did NOT materially participate, believed by some industry experts to be due to limited financial capability, lack of real need, and the assumption that "rich" Verizon and AT&T really wanted the spectrum.

### 120 MHz of Spectrum = \$44 Billion?

The FCC's logic presumably goes like this: If 52 MHz of spectrum in the 700 MHz DTV band is worth \$19 billion, then 120 MHz of spectrum in the 600 MHz DTV band is proportionally worth \$44 billion. The problem with that logic is that the four major wireless providers (Verizon, AT&T, Sprint and T-Mobile) will not have any significant shortage of spectrum for many years to come, and, perhaps even more important, they may not have \$44 billion to spend. In SEC filings, Verizon, AT&T and Sprint show available cash and short term equivalents currently totaling about \$14 billion collectively.

### Apple+Microsoft+Google = \$128 Billion

That's the current available cash and short term equivalents collectively stated by Apple (\$51 billion), Microsoft (\$44 billion) and Google (\$33 billion). These very rich companies may be the spectrum purchasers that the FCC is counting on to write the really big checks in 2012. Google is the most likely, as the company is nearly exclusively a "service provider" with an advertising-supported business model. **Will Google emerge as the leading mobile TV transmission provider? Be aware, DTV broadcasters: Don't "sell" your spectrum without being fully informed!**

**The new Local Mobile Television (LMTV) service must be delivered by TV broadcasters.**



**Just released by nordahl.tv LLC on October 10, 2010**

## The Future of the U.S. Television Business

A 105-page in-depth Report detailing the current and future TV business in the face of FCC's National Broadband Plan

**A nordahl.tv HDTV Business/Technology Report:**

# The Future of the U.S. Television Business: (It's 3-Screens – Not 3-D)

This 105-page Report has been carefully assembled in the wake of the release of FCC's National Broadband Plan, for the purpose of detailing the current financial status of the U.S. Television Business, to analyze the value of the 600 MHz TV Broadcast spectrum, to discuss and present likely future scenarios of the U.S. Television Business, and to propose a NEW National Broadcast/ Broadband Plan.

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- **Section 10: The NEW National Broadcast/Broadband Plan**

**This Report is essential reading for:**

- TV Broadcast Executives
- Cable TV/DBS/IPTV Executives
- Television Programming Executives
- Wireless Broadband/Telecom Executives
- TV Equipment Supplier Executives

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