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No 'Grand Strategy' for S-Band Acquisition, Says Dish's Ergen

Dish Network's recent S-band acquisition efforts aren't part of "a grand strategy at this point," said Dish CEO Charlie Ergen during its Q4 conference call Thursday. Dish recently agreed to buy bankrupt S-band licensee DBSD, though the deal still needs bankruptcy court approval. "I think spectrum has value," Ergen said. Using that spectrum and acquiring more spectrum that fits together are both ways to increase the value of that spectrum, he said. The recent acquisition efforts have raised speculation among analysts that Ergen is planning a wireless network and/or seeking new ways to complement the core DBS business with Internet-delivered programming.

Dish looks at each spectrum acquisition independently because it has value "just as an asset," though a strategic buy is preferable, said Ergen. The company looked at DBSD independently and has found some overlap as a "satellite-related company," he said. The DBSD business plan has taken a little longer to get going, which is why it's in bankruptcy, he said. The company would likely need additional capital from Dish, though Ergen declined to say how much because the company hasn't been acquired yet. Ergen has shown willingness to acquire spectrum even without a clear plan in mind. The company paid \$712 million for 168 E-block FCC spectrum licenses in 2008 and has yet to make real use of them.

Dish's purchase of a controlling interest in Liberty-Bell (CD Nov 26 p10), a holding company that owns a CLEC and interexchange carrier in Denver, allows for testing of bundling opportunities, said Tom Cullen, Dish executive vice president-programming. Dish will test the bundling of wholesale broadband and voice service's with Dish's programming, he said. The testing will likely move forward in certain markets "in the next couple months," he said.