

This Week's Stories

Deutsche Telekom Pulls Out of U.S. Stock Market

April 21, 2010

T-Mobile USA's parent company says it will stop trading its shares in the United States in late June.

Deutsche Telekom decided at a board meeting yesterday to delist its American Depository Shares from the New York Stock Exchange. The move will become effective on or about June 21 after the market closes.

The company stated the main purpose of delisting its shares "is to reduce complexity in financial reporting and administrative costs. Deutsche Telekom remains committed to serve its investor base in the U.S. as well as to comply with the highest standards of corporate governance, transparent financial reporting."

Deutsche Telekom will continue to make English translations of its financial reports available on its website and will maintain its investor relations office in New York.

The company also will maintain an American Depository Receipt program on a Level I basis, which will allow U.S. investors to hold Deutsche Telekom in the form of American Depository Shares. Those shares will be traded by dealers instead of on a centralized exchange.

<http://www.wirelessweek.com>

Product & Service News

T-Mobile Navigates Way to Garminfone Launch

April 21, 2010

T-Mobile USA announced the upcoming exclusive availability of the new Garminfone. The smartphone, which is a product of Asus, the computer maker, and the navigation company Garmin, will run on Android 1.6 and feature Garmin's premium navigation software. According to a press release, the phone will be available later this spring.

The Garminfone features a 3.5-inch touch screen, 3.15-megapixel camera, Wi-Fi, Bluetooth and 4GB of internal storage, expandable up to 32GB. The touchscreen features multi-touch and an accelerometer.

T-Mobile says the new phone will include Garmin's turn-by-turn navigation software, including Garmin Voice Studio, an Android application, which allows customers to

record and share custom voice directions from family and friends.

Garminfone also comes with a charging window and dashboard mount, enabling customers to easily navigate and charge the phone's battery simultaneously.

No specific information was provided for price and availability.

<http://www.wirelessweek.com>

Mergers/Acquisitions/Partnerships

Ericsson to pay \$242M for Controlling Stake in LG-Nortel

April 21, 2010

Ericsson said it will purchase Nortel Networks' stake in its networking joint venture with LG Electronics, LG-Nortel, for \$242 million. The acquisition is the latest in a string of purchases Ericsson has made of bankrupt Nortel's assets.

The Swedish vendor agreed to purchase a 50 percent-plus-one-share controlling interest in the venture, which has provided networking equipment to South Korea's operators. Ericsson said the deal will expand the company's footprint in the country, and will enhance its position in the LTE market.

Nortel, which entered bankruptcy protection in the United States and Canada in January 2009, confirmed last year it was looking to sell its stake in the joint venture, which was formed in 2005. Reports began circulating in the South Korean press last month that Ericsson was interested in buying the stake.

The deal adds to Ericsson's collection of Nortel's assets; the Canadian equipment vendor began selling off pieces of itself last year. Ericsson purchased Nortel's CDMA and LTE assets for \$1.13 billion last year, and also scooped up the company's North American GSM business.

<http://www.fiercewireless.com>

CenturyTel to Acquire Qwest in \$10.6 Billion Deal

April 22, 2010

In one of the largest telecommunications deals in years, CenturyTel, a provider of local phone and Internet services, said Thursday that it would acquire Qwest Communications in a \$10.6 billion stock swap.

Both companies, which have large landline operations, have sought to increase their businesses in the shadow of bigger competitors like AT&T and Verizon, which offer both landline and cellphone services. The telecommunications industry has been ripe for further consolidation, which might resemble the wave of deals that swept the sector in the 1990s, analysts said.

The combined company will serve local markets in 37 states with about five million broadband customers, 17 million wirelines and 850,000 wireless consumers, the companies said in a statement.

The merger is also indicative of the broader struggles facing phone companies that are dependent on revenue from customers with landline phones, said Craig Moffett, an analyst with Bernstein Research. More consumers are disconnecting their home phone lines in favor of their cellphones or Internet telephone service. "This is a business that is in inexorable secular decline," he said. "The wireline phone companies are doing their best to find synergies to preserve the economics of their business."

Philip Cusick, an analyst at Macquarie Research, said: "All the wireline telecom companies understand their business is shrinking. The wireless industry is not a growth space either. This roll-up attitude could continue for a few more years."

AT&T said Wednesday that it added only 512,000 wireless customers under contract, also known as postpaid subscribers, during the first quarter — down 43 percent from a year ago. Verizon Wireless said Thursday that it added only 423,000 customers under contract during the first quarter, down 55 percent from the period a year earlier.

Combining with Qwest would make CenturyTel the third-largest supplier of landline phone lines, trailing AT&T, which has 46.5 million wireline subscribers and Verizon Wireless, which has 32.6 million wireline subscribers.

But that number is expected to continue to contract, especially as consumers increasingly rely on cable companies for home phone service, said Roger Entner, an analyst with Nielsen Mobile. Comcast, for example, has 7.6 million residential and business phone subscribers, making it the fourth-largest landline provider in the United States.

"The idea is that consolidating the old telecommunications companies will help them better compete against cable," Mr. Entner said.

The two companies began exploring a merger in the fall, Glen F. Post III, CenturyTel's chief executive, said in an interview. He and his counterpart at Qwest, Edward A.

Mueller, quickly decided that, with competition growing rapidly, combining their companies made sense.

"You're going to see a lot more players in this space," Mr. Post said. "This transaction really positions this new company to compete and withstand the challenges of this industry."

Mr. Post said that while he was focused on integrating Embarq, which CenturyTel bought in 2008, and now Qwest, the company would continue to look at potential smaller transactions over the next few years. Among possible targets are companies that provide data-hosting or data-security services, he said.

With the Qwest transaction, CenturyTel will double its size through a deal for the fourth time. The third was Embarq, a landline services spinoff of Sprint Nextel. (After acquiring Embarq, the combined company rebranded itself as CenturyLink, though it is still legally CenturyTel.)

"The biggest challenge now for CenturyTel is figuring out how to compete against the cable companies," Mr. Entner said. "They started offering their customers a full bundle of voice, wireline, Internet and television but obviously the cable companies are further ahead because that's their core business."

CenturyTel, which is based in Monroe, La., and Qwest, which is based in Denver, said they expected the transaction to close in about a year. CenturyTel's market value was about \$10.8 billion at Wednesday's close, while Qwest's market value was about \$9.1 billion. CenturyTel said Barclays Capital, Evercore Partners, and J.P. Morgan Securities were its financial advisers, and Wachtell, Lipton, Rosen & Katz and Jones Walker Waechter Poitevent Carrère & Denègre were its legal advisers.

As for Qwest, Lazard, Deutsche Bank, and Morgan Stanley were the financial advisers, with Skadden, Arps, Slate, Meagher & Flom and Wilmer Cutler Pickering Hale & Dorr were the legal advisers. Qwest's board was advised by Perella Weinberg Partners.

<http://www.nytimes.com>

Tablets, Smartphones Reportedly Coming from Dell

April 22, 2010

Dell is preparing to make a big splash in mobile devices, if even a few of the most recently leaked reports are accurate. The reports indicate a high-end Windows Phone 7 smartphone, several smartphones based on the open-source Android operating system, and two Android tablets.

According to information leaked to technology site Engadget, the Windows Phone 7-based Lightning is a portrait slider, meaning the keyboard slides out from the bottom of the rectangle, not from the more customary side. It reportedly is built around a one-GHz Snapdragon processor and has a high-resolution WVGA 4.1-inch OLED screen, AT&T and T-Mobile 3G, a five-megapixel autofocus camera, 512MB of RAM with 1GB of flash memory, and an 8GB MicroSD card.

Where There's Lightning, There's Thunder

The Lightning is attracting attention as one of the slickest smartphones using the new Windows Phone 7 operating system. The model also includes GPS, an accelerometer, a compass, FM radio, and, notably unlike Apple's iPhone, support for Adobe's ubiquitous Flash technology.

Apparently Engadget got ahold of a presentation on the new phone, and it included a screen saying that the Lightning, targeted for release by the fourth quarter, would be upgraded to the 4G ultra-high-speed LTE network technology by the end of next year.

And where there's Lightning, there's Thunder. Sneak previews of Dell's Android-based Thunder smartphone are also surfacing on the web. It reportedly features an eight-megapixel camera, photo editing, a Dell-customized user interface, a 4.1-inch WVGA OLED touchscreen, an integrated Hulu application, tie-ins to Facebook and Twitter, and Flash. Initially, the Thunder will run on AT&T's HSDPA network, with a LTE version planned for the latter part of next year.

Speaking of Flash, another new Dell Android-based smartphone that is being leaked is called Flash. It has a 3.5-inch touchscreen, a five-megapixel camera, and supports the other Flash from Adobe. Like the Flash smartphone, the Dell Smoke is expected to run an upcoming version of Android called Froyo, and both are scheduled for launch next year. And the Android-based Aero, currently on the market in China, is a lower-end smartphone expected to be released in the U.S.

Looking Glass, Streak

Computers have been Dell's forte, and the company is apparently jumping into the hottest category, tablets. The Looking Glass tablet computer, with a seven-inch, 800x480 screen, is also Android-based, will have an optional TV tuner, and is due out in the fourth quarter.

The Android-based Streak tablet, with a five-inch WVGA screen, is the U.S. version of its Mini 5, and it's scheduled for release in late summer.

Ross Rubin, director of industry analysis for consumer technology at the NPD Group, said Windows Phone 7 "represents a restart for that market," so this is "a good time" for a brand like Dell to release a high-end, feature-laden smartphone like the Lightning.

He noted that Hewlett-Packard, Dell's chief competitor, is also releasing smartphones and tablets, and both companies can leverage their retail distribution muscle to push out the new product lines.

<http://www.mobile-tech-today.com>

Industry Reports

Teens Prefer Text to Talk

April 21, 2010

More than half of the 800 U.S. teenagers surveyed said they text on a daily basis to socialize and to chat with friends. Girls from 14 to 17 years old were the texting leaders, averaging 100 messages a day. The youngest teenage boys were the least likely to text, averaging 20 messages a day.

Overall, half of teens sent 50 or more messages each day, or 1,500 a month, while one in three averaged more than 100 texts a day, or 3,000 a month.

Since the last survey conducted by Pew in February 2008, daily text messaging has soared among teens. In the previous study, 38% of teens sent texts daily, compared to 54% in the latest survey conducted in September 2009.

The mobile phone has become an essential communication tool for most teens. Pew found that 75% of 12- to 17-year-olds own a cellular phone, up from 45% in 2004.

While most texting by teenagers and adults is done safely, texting while driving has become a serious problem. In an attempt to avoid accidents caused by messaging motorists, 14 states and the District of Columbia have laws banning texting while operating a vehicle. Congress is considering legislation that would require all states to ban texting while driving, or federal highway funds.

<http://www.informationweek.com>

With 1.9M Total Net Adds, AT&T Pushes Growth with Connected Devices

April 22, 2010

AT&T touted the strength of its connected devices unit today during its first quarter 2010 earnings call. The company reported an increase of 1.9 million net wireless subscribers, bringing its total base to 87 million. AT&T noted that during the quarter it activated 2.7 million iPhones but attributed its strong growth to the 1.1 million in connected devices such as ereaders and other products that it added to its network. Here's a rundown of the carrier's other key metrics:

Financials: AT&T's consolidated revenue in the quarter was \$30.6 billion, up \$78 million from the year-earlier quarter. Operating expenses were \$24 billion vs. \$24.8 billion. Operating income was \$6 billion, up from \$5.7 billion in the first quarter of 2009. The operator's operating margin was 19.6 percent, up from 18.8 percent in the year-earlier quarter.

Subscribers: AT&T added 1.9 million net wireless subscribers for a total of 87 million. There were 1.1 million connected devices added in the quarter to reach 5.8 million in total. However, postpaid net adds were just 512,000 to reach 65.1 million. In a research note, Technology Business Research noted that connected devices are propelling the company's net additions, and served to mask the relative weakness in the company's postpaid and reseller segments. TBR believes that as new subscriber growth slows, AT&T will increasingly rely upon connected device sales to drive growth in 2010.

Churn: Postpaid churn was 1.07 percent, down from 1.15 percent in the year-earlier quarter. Total churn was 1.3 percent vs. 1.56 percent in the first quarter of 2009.

Data revenue: Data revenue increased \$947 million from the year-earlier quarter for a total of \$4.1 billion in first quarter. AT&T wireless subscribers on postpaid data plans increased more than 28 percent over the past year. The company said it added 3.3 million 3G postpaid integrated devices in the first quarter. In addition, there were 143 million text messages on AT&T's network in the quarter. MMS messages doubled to approximately 2.4 billion. TBR noted that data now makes up 32 percent of AT&T's wireless service revenue, which indicates the carrier is shifting away from its dependence on voice for revenue.

During today's earnings call, AT&T CFO Rick Lindner said the company carries half of the wireless data traffic in the U.S. He added that AT&T's HSPA 7.2 network technology is performing well, with a 32 percent to 47 percent increase in data download speeds where the company has added fiber backhaul. The company plans to continue to aggressively deploy backhaul and expand Ethernet access to cell sites.

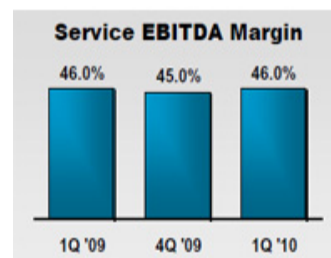
When asked about tiered data pricing, Lindner said he believes limited spectrum and limited capacity will influence pricing models in the future. "The industry has to develop models that are understandable to customers and ... that is fair to customers," he said.

<http://www.fiercewireless.com>

Verizon Adds 1.6M Net Customers in 1Q, but Postpaid Growth Slows

April 22, 2010

Verizon Wireless may finally be seeing a slowdown in its postpaid subscriber growth. During its first quarter earnings call with investors this morning, the company reported it added 1.6 million net new customers in the first quarter of 2010, bringing its total subscriber base to 92.8 million. However, it noted that just 423,000 retail postpaid customers were added in the quarter; the firm's biggest growth came from its 1.3 million reseller customers.



[Click here](#) for more stats from Verizon's first quarter.

Nevertheless, Verizon CFO John Killian said the company is not ready to concede that postpaid growth will be substantially lower going forward. "We believe there is still strength in postpaid," he said.

Here's a rundown of the other key metrics:

Revenue: Verizon Wireless total revenue was \$15.8 billion, up 4.4 percent year over year.

Subscribers: Verizon continued to emphasize its postpaid retail subscribers--it had 87.8 million retail customers at the end of the quarter. Despite a decline in postpaid retail subscriber growth, Killian said there has been no shift in market share or porting ratios or increased churn. He emphasized that the company is still bullish on postpaid opportunities and believes that its strong smartphone lineup coupled with differentiated services such as Skype Mobile will continue to attract and retain high-value customers.

Connected devices: For the first time, Verizon revealed that it has 7.3 million "other" wireless connections, which it defines as machine-to-machine, ereaders and telematics. However, the company did not say how many connected devices it added in the quarter.

Churn: Retail postpaid churn was 1.07 percent. Total churn was 1.46 percent.

Data: Data revenue was up 26.4 percent to \$4.5 billion, and exceeded 33 percent of Verizon's service revenue. This is an increase from 27.9 percent in the first quarter of 2009. During the first quarter, Verizon Wireless customers sent or received 175 billion text messages and 4.4 billion picture or video messages.

Devices: In the quarter, 30 percent of retail postpaid subscribers had 3G devices, 17 percent had smartphones and 13 percent had multimedia devices.

During the call, investors asked about Verizon's plans to compete against a potential new iPhone that will likely be launched this summer. Killian said the company will continue to emphasize its smartphones, including those featuring the Google Android operating system. "We have several different devices coming, including the HTC Incredible," he said.

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