Dish May Cast a Wider Net

[Ramachandran, Shalini](http://search.proquest.com.ezproxy.trident.edu:2048/indexinglinkhandler/sng/au/Ramachandran%2C%2BShalini/%24N?accountid=28844) ; [Ziobro, Paul](http://search.proquest.com.ezproxy.trident.edu:2048/indexinglinkhandler/sng/au/Ziobro%2C%2BPaul/%24N?accountid=28844). [**Wall Street Journal (Online)**](http://search.proquest.com.ezproxy.trident.edu:2048/pubidlinkhandler/sng/pubtitle/Wall%2BStreet%2BJournal%2B%2428Online%2429/%24N/105983/DocView/1370199929/fulltext/%24B/1?accountid=28844) [New York, N.Y] 21 June 2013:

Having abandoned efforts to buy [Sprint Nextel Corp.](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon), [Dish Network Corp.](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon)'s next move may be to resurrect merger talks with satellite rival DirecTV or re-engage wireless carrier [T-Mobile US Inc.](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon), analysts said on Friday.

[Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) earlier this year held preliminary discussions about a possible merger with the wireless phone company, which is majority owned by Deutsche Telekom AG, according to people familiar with the matter.

[T-Mobile](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) declined to comment.

[Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon), of Englewood, Colo., disclosed its decision on [Sprint](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) on Friday in a regulatory filing, which also said the company would buy back $2.6 billion in debt that it had raised specifically to finance the [Sprint](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) bid. Earlier this week, [Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) said it wouldn't update its offer for the third-largest U.S. wireless carrier, clearing the way for Japan's SoftBank Corp. to proceed with its $21.6 billion purchase for 78% of [Sprint](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon). [Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) didn't formally withdraw from the contest at that time, however.

[Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) still has a tender offer outstanding for Clearwire Corp., although [Sprint](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) topped that offer on Thursday when it raised its own bid to buy the outstanding shares in the company.

A [Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) spokesman declined additional comment.

[Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon)'s pursuit of [Sprint](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) had been part of a yearslong effort to diversify into wireless broadband, a response to stagnation in the U.S. pay TV market. Analysts say rekindling a DirecTV tie-up now could make sense in light of [Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon)'s failure to strike a deal with any major wireless player so far. Both satellite operators have seen sharply slowed growth in pay TV subscribers in recent times. Mr. Ergen has said that cable operators' ability to sell broadband access with television puts the satellite companies at a disadvantage in the long term.

"By process of elimination, [Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) is going to be dragged kicking and screaming into what was the best option from the beginning: a merger with DirecTV," said Craig Moffett, an analyst at cable and satellite researcher Moffett Research.

DirecTV shares rose 3% to $61.73 and [Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) gained $1.23 to $40.41, both in 4 p.m. trading on Friday.

DirecTV and [Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) are the second and third largest pay TV operators. A combination would serve about 34 million subscribers, making it more than 50% bigger by video subscribers than the current industry leader, [Comcast Corp.](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) One possible issue: DirecTV is significantly bigger, with a market capitalization of $33 billion, compared with [Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon)'s $18 billion.

The two companies tried to merge more than a decade ago, abandoning the effort in the face of regulatory opposition. Executives from both companies in the past year have said they remained interested, while noting uncertainty about regulatory attitudes to such a deal. Still, DirecTV Chairman Mike White said last fall that "the industry has changed since the last time," given the rise of phone company competitors and online video.

Last month Mr. Ergen said on a conference call with analysts that "there would be tremendous synergies with DirecTV" but it would still be "the same company," noting that a pure video business ultimately will be a "declining business" in the U.S.

Jimmy Schaeffler, chairman of consulting firm Carmel Group, said Mr. Ergen's goal is to tap into the ballooning consumer demand for broadband. He added, though, that a combination of DirecTV-[Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) would have scale to take on deals with other wireless players like [T-Mobile](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon).

"Charlie would continue on the path of trying to build a telecom future that includes a bundle" of video and broadband services, Mr. Schaeffler said.

Such a tie-up could offer other synergies. [Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon)'s recent tests of wireless broadband services in Virginia mirror similar offerings DirecTV has been selling in Latin America. Both companies are also exploring ways to broaden their Web video services. DirecTV has made a bid valued at more than $1 billion for online video site Hulu, while [Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) has discussed creating a slimmed down set of streaming channels over the Web.

Mr. Schaeffler said another option is that Mr. Ergen could sell [Dish](http://search.proquest.com.ezproxy.trident.edu:2048/docview/1370199929?pq-origsite=summon) to AT&T Inc., which has long been seen as a potential buyer of a satellite TV firm. It is unclear whether such a deal would garner regulatory approval, however, due to AT&T's large holdings of spectrum already, Mr. Moffett said.