



UPDATE 2-CES-AT&T plans 7 new smartphones: 2 Palm, 5 Android

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- * Palm shares up 6.45 pct on news AT&T will sell phones
- * AT&T also eyes Android phones from Motorola, Dell, HTC
- * Analysts see AT&T iPhone exclusivity ending mid-year
- * AT&T apps based on Qualcomm's Brew for cheaper phones

(Adds analyst comment, share prices)

By Sinead Carew

LAS VEGAS, Jan 6 (Reuters) - AT&T Inc <T.N> plans to sell seven new smartphones in the first half of this year, including two from Palm Inc <PALM.O> and five Android handsets from vendors such as Dell Inc <DELL.O>.

The news bolstered shares of Palm, which has been under pressure to find more carrier partners. But the multiple new handsets announced by AT&T fueled speculation among analysts the company could lose its U.S. exclusivity contract for Apple Inc's <AAPL.O> iPhone by the middle of the year.

The Android phones from Dell, Motorola Inc <MOT.N> and HTC Corp <2498.TW> would mark the first time AT&T, the second-biggest U.S. mobile provider, will use the operating system developed by Google Inc <GOOG.O>.

"AT&T is trying to preempt the exodus of subscribers for when Verizon gets the iPhone, expected to be around mid-year," said Charter Equity Research analyst Ed Snyder.

He was referring to widely held expectations that No. 1 U.S. mobile service Verizon Wireless, a venture of Verizon Communications Inc <VZ.N> and Vodafone Group Plc <VOD.L>, would forge a deal with Apple once AT&T's U.S. hold on iPhone ends.

AT&T announced the new smartphones on Wednesday on the sidelines of the Consumer Electronics Show in Las Vegas.

The inclusion of Palm phones in AT&T's line-up should help the struggling handset maker regain ground lost to iPhone and other rivals. AT&T has more than 81 million wireless subscribers and Snyder estimated the carrier could sell 500,000 to 700,000 Palm phones in a quarter.

"It's certainly going to help Palm. About 500,000 shouldn't be too hard in a quarter, but so much depends on how AT&T prices it and how hard they push it," Snyder said.

Palm, which is also expected to announce a deal with Verizon Wireless at CES this week, currently only sells its hottest smartphones -- the Pre and Pixi -- through Sprint Nextel Corp <S.N>, the number 3 U.S. mobile service.

Michael Gartenberg, an analyst with consulting group Interpret, said it was not a big surprise AT&T would sell Palm phones, but he said it was unusual for the carrier to announce so many smartphones all at once.

"One has to wonder if the time of their iPhone exclusivity is coming to an end and if they're doing this to prepare for that eventuality," he said.

AT&T refused to comment on its agreement with Apple. It also declined to give details about the new devices, saying that would come closer to launch.

"I think this is the best portfolio we've ever had if you look at 2010," AT&T's mobile chief Ralph de la Vega told Reuters at an AT&T developer conference on the sidelines of CES.

He said AT&T would sell "new" Palm devices, but declined to say if they would be new models or the Pre or Pixi.

Snyder said the devices would probably be versions of Pre and the Pixi, as he does not expect new Palm phones to hit shelves until around mid year.

De la Vega also said AT&T plans to offer Web-based applications to users of less advanced phones by forging a deal with Qualcomm Inc <QCOM.O> for use of its Brew app platform.

He said the first of these applications would be available first in phones from Samsung Electronics Co Ltd <005930.KS> later this year. AT&T sees the majority of its mid-range phones supporting Brew next year.

Dell, better known for computers than phones, said AT&T will carry a smartphone from its Mini 3 family, already available in China and Brazil. [ID:nN06151381]

Palm shares rose 6.45 percent to close at \$11.23, while AT&T shares fell 1.46 percent to \$27.61. (Reporting by Sinead Carew;

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