

AT&T to buy T-Mobile USA for \$39 bn

March 20 2011

AT&T agreed to buy T-Mobile USA from Germany's Deutsche Telekom for \$39 billion in a blockbuster deal in the wireless telecom sector, the two companies announced Sunday.

The cash-and-stock deal has been approved by the boards of both companies and would make AT&T a dominant player in the wireless telecom sector, pending regulatory approval.

"This transaction represents a major commitment to strengthen and expand critical infrastructure for our nation's future," said Randall Stephenson, AT&T chairman and chief executive.

"It will improve network quality, and it will bring advanced... capabilities to more than 294 million people. Mobile broadband networks drive economic opportunity everywhere, and they enable the expanding high-tech ecosystem that includes device makers, cloud and content providers, app developers, customers, and more."

Deutsche Telekom chairman and CEO Rene Obermann said that AT&T "is the best partner for our customers, shareholders and the mobile broadband ecosystem. Our common network technology makes this a logical combination and provides an efficient path to gaining the spectrum and network assets."

As part of the transaction, Deutsche Telekom will receive an equity stake in AT&T that of around eight percent, and a representative of the German firm will join the AT&T board.

The cash portion of the purchase price will be financed with new debt and cash on AT&T's balance sheet. AT&T has an 18-month commitment of \$20 billion underwritten by JP Morgan.

The deal will give AT&T a big boost in its rivalry with Verizon, which recently started selling the Apple iPhone with an end to the AT&T monopoly.

Analysts said the deal also helps AT&T in the so-called 4G sector offering more advanced wireless services.

"AT&T has been under attack for not being able to match the [network](#) capacity of larger rival Verizon," said MG Siegler of the technology blog TechCrunch.

"And when they won the majority of the bids for the open spectrum in 2008, Verizon also had a clear path to the future. Now AT&T is taking another path: buying [T-Mobile](#)."

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Citation: AT&T to buy T-Mobile USA for \$39 bn (2011, March 20) retrieved 26 April 2024 from <https://phys.org/news/2011-03-att-t-mobile-usa-bn.html>

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