

AT&T, Telekom to press ahead with T-Mobile deal

November 24 2011

Deutsche Telekom and AT&T vowed Thursday to press ahead with the planned sale of the German company's T-Mobile USA unit to the U.S. cell phone operator despite concerns raised by American authorities.

Nevertheless, AT&T said it plans to take a pretax accounting charge of \$4 billion in the current quarter to reflect the break-up fees that would be due to Deutsche Telekom if regulators block the deal.

The two companies said they had withdrawn applications to the Federal Communications Commission regarding the merger and intended to seek its approval again "as soon as practical."

They took the step to consider "all options at the FCC and to focus their continuing efforts on obtaining antitrust clearance for the transaction from the Department of Justice," which filed a lawsuit in August to stop the deal, AT&T said in a statement.

"Both companies are continuing to pursue the sale of [T-Mobile](#) USA to AT&T," Deutsche Telekom stressed.

Both U.S. agencies worry that the deal would hamper competition and lead to higher prices for consumers.

Deutsche Telekom AG and AT&T Inc. made their move after the chairman of the FCC earlier this week came out against the merger.

Julius Genachowski made his position known in a document he circulated to fellow commissioners Tuesday.

He recommended sending AT&T's proposed \$39 billion takeover of T-Mobile to an administrative law judge for review and a hearing. That's what the FCC does when it opposes a merger.

In a research note Thursday, Jefferies International analyst Ulrich Rathe said the withdrawal of the FCC application, as well as the opposition by the Justice Department, indicate that "the companies are already well into working out a new version of the deal."

The analyst, who rates Deutsche Telekom "Buy," said the charge confirms the break-up fee will be difficult for AT&T to avoid if the deal is not completed.

In Frankfurt, Deutsche Telekom shares closed down 0.6 percent Thursday at euro8.69 (\$11.67), almost mirroring the 0.5 percent decline in the DAX index of blue-chip stocks.

The proposed deal, announced in March, would vault the combination of America's No. 2 carrier AT&T and No. 4 T-Mobile into the top spot ahead of Verizon.

Dallas-based AT&T has about 101 million wireless subscribers. T-Mobile, the Bellevue, Washington-based subsidiary of Deutsche Telekom AG of Germany, has 34 million.

Verizon Wireless, a joint venture between Verizon Communications Inc. and Vodafone Group PLC, has about 108 million, while Sprint Nextel Corp. has 53 million.

©2011 The Associated Press. All rights reserved. This material may not

be published, broadcast, rewritten or redistributed.

Citation: AT&T, Telekom to press ahead with T-Mobile deal (2011, November 24) retrieved 20 April 2024 from <https://phys.org/news/2011-11-att-telekom-t-mobile.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.