



Article Side

AT&T to offer to sell up to 40 percent of T Mobile by [Ritika Sharma](#)

Article published on November 28th 2011 | [Management](#)

AT&T Inc. is planning to offer to divest a large chunk of T-Mobile USA to gain clearance from the Department of Justice (DOJ) for its takeover, Bloomberg reported citing a person familiar with the plan.

The size of the assets to be divested hasn't yet been decided, but it could even go up to 40 percent, much higher than what AT&T had initially expected, the person told Bloomberg.

AT&T needs permission from both the DOJ and the Federal Communications Commission (FCC) for the merger.

However, the DOJ has filed a civil antitrust lawsuit at the federal court in Washington to block it, saying the merger will substantially cut down competition in the market. The trial is set to begin in February.

Only way out:- The Bloomberg report said the divestiture proposal might be the only way AT&T has to avoid a lengthy court battle, and that it could be presented as early as the next DOJ hearing on Nov. 30.

The divestiture will likely contain a higher share of customers and lower percentage of spectrum, the source told Bloomberg.

An analyst interviewed by Bloomberg was, however, skeptical of the plan's success, saying that the pool of potential buyers isn't very big and those that might be interested probably wouldn't have a chance.

It's unlikely that the DOJ would allow a big competitor like Verizon to purchase the assets, Macquarie Securities USA analyst Kevin Smith said.

"We have every right to withdraw our merger from the FCC, and the FCC has no right to stop us. Any suggestion the agency might do otherwise would be an abuse of procedure which we would immediately challenge in court," AT&T General Counsel Wayne Watts

Citing three sources, Bloomberg said that according to a term in the agreement, AT&T could pay less than the deal's original \$39 billion value if regulators demand asset sales greater than 20 percent of the deal value, or about \$7.8 billion.

FCC also against deal:- The deal has also been buffeted by the FCC. The agency's chairman circulated a draft order on Tuesday among other commissioners asking for an administrative hearing on the acquisition, the first step towards blocking the deal. The Bloomberg report said the divestiture proposal might be the only way AT&T has to avoid a lengthy court battle, and that it could be presented as early as the next DOJ hearing on Nov. 30.

AT&T withdrew its application from the FCC after that.

On Thursday, FCC officials said that they had the options to deny the withdrawal allowing it to go ahead to the administrative hearing or grant it with prejudice, meaning the companies will be barred from bringing the deal back for consideration. Both options would essentially kill the deal.

In a statement on Friday, AT&T General Counsel Wayne Watts said, "We have every right to withdraw our merger from the FCC, and the FCC has no right to stop us. Any suggestion the agency might do otherwise would be an abuse of procedure which we would immediately challenge in court."

Article Source:

<http://www.articleside.com/management-articles/at-t-to-offer-to-sell-up-to-40-percent-of-t-mobile.htm>

- [Article Side](#)

[Ritika Sharma](#) - About Author:

Here you can get the latest updates about a [Finance news](#). Get more details about a [Finance and investment news](#).

Article Keywords:

personal finance advice, stock market updates, latest stock market news, personal finance news, business news, US stock market updates, Finance and investment news, stock updates

You can find more [free articles](#) on [Article Side](#). Sign up today and share your knowledge to the community! It is completely FREE!