

Report: VZW, AT&T Crafting Bid to Buy Vodafone

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Talk of a joint Verizon, AT&T buyout of Vodafone today bumped shares of the European carrier 6 percent in early trading.

According to a [post](#) [1] from the Financial Times' Alphaville blog that cites "usually reliable people," Verizon Communications and AT&T are mulling a breakup bid for Vodafone at a 40 percent premium to Vodafone's current price, or about 260 pence (\$3.65) a share.

The bid would value Vodafone at approximately \$245 billion, which the Financial Times notes would make it the largest M&A transaction ever. The deal would allow Verizon to acquire Vodafone's share of the Verizon Wireless joint venture, while selling AT&T Vodafone's non-U.S. assets.

The report meshes with recent comments from both Verizon CEO Lowell McAdam, as well as AT&T's CEO Randall Stephenson.

McAdam told the Wall Street Journal in January that Verizon is strong enough to buy Vodafone out of its stake in Verizon Wireless.

Verizon entered into a joint venture with Vodafone back in 2000, creating what is now Verizon Wireless. Verizon currently owns 55 percent of the company, while Vodafone holds the remaining 45 percent.

According to McAdam, such a buyout is "feasible" and would be made easier by the strengthening of the Verizon's wireline business.

Verizon has long admitted to wanting to purchase the rest of Verizon Wireless via a buyout, but the business has proved too valuable for struggling Vodafone to let go. Verizon made a failed attempt to purchase Vodafone's stake in the business back in 2006.

Meanwhile, AT&T's Stephenson responded during a fourth-quarter earnings call to rumors that the carrier might be considering an overseas acquisition as a way to grow, saying that there were a number of ways AT&T is thinking about the opportunities in other countries. He said more overseas roaming agreements, partnerships, and even licensing platforms like its recently launched Digital Life platform are all on the table when thinking about expanding internationally.

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In January, the Wall Street Journal published a report stating that AT&T is currently looking at a number of targets and a deal could come before the end of the year.

While risky, an acquisition of an overseas carrier would give AT&T room to grow, as fears emerge that the United States wireless market has become saturated.

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<http://www.wirelessweek.com/news/2013/04/report-vzw-t-crafting-bid-buy-vodafone>

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[1] <http://ftalphaville.ft.com/2013/04/02/1443352/vodafone-verizon-a-245bn-solution/>