

Report: Regulators “Skeptical” About Sprint-T-Mobile Merger

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U.S. Justice Department officials told Sprint CEO Dan Hesse and SoftBank CEO Masayoshi Son that any potential Sprint/T-Mobile merger would be met with “skepticism.”



The Wall Street Journal [spoke](#) [1] with individuals briefed on the conversation who said the meeting reinforced Son’s seriousness in making the merger happen.

Japanese carrier SoftBank last year bought a majority stake in Sprint and now the combined company is said to have its eye on Deutsche Telekom’s (DT) 67-percent stake in T-Mobile. Bloomberg last week said that [SoftBank and DT have entered direct talks regarding the merger](#) [2], with issues like the value of DT’s share and the amount of a potential break-up fee attached to the deal presenting immediate hurdles. Also up for discussion is just how Sprint and T-Mobile could potentially be integrated.

Sprint has reportedly received assurances that lenders are prepared to help finance the deal, valued at around \$50 billion. That total includes \$31 billion for T-Mobile and \$20 in T-Mobile debt the combined company would assume.

It almost goes without saying that U.S. regulators, who place high value on a four-competitor U.S. wireless market, would be very skeptical of a deal that would disrupt that landscape.

With T-Mobile’s recent successes and the buzz it’s built around un-carrier branding pricing and plan moves, it would seem the carrier would be content to go it alone. But CEO John Legere [showed his interest in merging with Sprint](#) [3], saying the combination could pose a real threat to the “duopoly” Verizon and AT&T currently

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enjoy in the U.S. wireless market.

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[2] <http://www.wirelessweek.com/news/2014/01/report-softbank-deutsche-telekom-enter-direct-talks-t-mobile>

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