Report: SoftBank, Deutsche Telekom Enter Direct Talks for T-Mobile

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SoftBank and Deutsche Telekom (DT) have moved to direct talks on a deal for the German carrier's 67-percent stake in T-Mobile.

Bloomberg cited [1]people familiar with the matter as saying the two companies are ironing out obstacles to the deal and said the process could take months. At issue is how much SoftBank will pay for DT's share and how SoftBank-owned Sprint and T-Mobile would be integrated.

DT wants all cash for T-Mobile, according to Bloomberg. Sprint and SoftBank reportedly have financers lined up to foot the bill for the acquisition [2], valued at approximately $50 billion. That includes $31 billion for T-Mobile, as well as $20 billion toward the refinancing of T-Mobile's existing debt. The Bloomberg report said that SoftBank CEO Masayoshi Son is looking to borrow $20 billion from banks.

The report also notes that Sprint CEO Dan Hesse knew about Son's plan to buy T-Mobile before SoftBank's $21.6 billion bid to buy Sprint [3] was finalized.

T-Mobile's stock has soared surrounding the acquisition rumors. DT CEO Timotheus Hoettges told Bloomberg that his company has now recouped its entire investment in T-Mobile [4] and that the U.S.'s fourth-largest mobile provider is now valued around where it was in 2011 when AT&T attempted the buy the carrier for $39 billion.

U.S. regulators eventually shot down AT&T's attempted buyout and T-Mobile benefitted from a lucrative breakup fee including cash and spectrum assets valued around $7 billion. According to Bloomberg, Son is wary of a similar breakup fee attached to SoftBank's potential bid, saying the Japanese provider carries too much debt to afford such a safety net.

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