

# AT&T Can Back Out of DirecTV Deal if NFL Rights Not Renewed

Ben Munson

AT&T has reserved the right to back out of its planned \$48.5 billion deal for DirecTV if the satellite-TV provider can't or doesn't renew its "NFL Sunday Ticket" agreement.

[In an SEC filing detailing the merger](#) [1], AT&T said it will not bring a damages claim against DirecTV so long as it uses "reasonable efforts to obtain such renewal."

DirecTV is facing a steep price hike for the 2015 NFL season, which will jump 40 percent to \$1.4 billion, [according to the LA Times](#) [2]. But the lucrative AT&T offer on the table could help speed DirecTV's decision.

The addition of the clause letting AT&T out of the deal if NFL Sunday Ticket isn't renewed shows just how significant content is to AT&T is regards to the merger.

That and the looming specter of a behemoth combined AT&T and DirecTV, in terms of more than 120 million combined service subscribers, could dramatically affect other potential deals.

Dish Network had been pegged as a potential merger partner for both AT&T and DirecTV, [according to the Wall Street Journal](#) [3], and now those options are gone.

Sprint is rumored to be putting together a bid for T-Mobile, which would help them gather the scale needed to take on AT&T and Verizon. But with both Verizon and now especially AT&T well ahead in triple play offerings like TV/video, Sprint and/or T-Mobile could be looking at a partner like Dish to bring TV and content deals to the table. And Dish, with its growing spectrum portfolio and looming timetable to deploy a wireless broadband network, could benefit from a strong network partner like Sprint or T-Mobile.

There's still plenty of time for industry developments to shake out, as AT&T expects the DirecTV deal to take 12 months to close. The companies still need their respective shareholders to approve the deal and U.S. regulators to sign off on the tie-up as well.

If DirecTV's board changes its recommendation on the AT&T deal before shareholder approval comes in or if DirecTV enters into a different acquisition agreement, the satellite-TV provider will have to pay AT&T a \$1.4 billion breakup fee.

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### **Links:**

[1] <http://www.sec.gov/Archives/edgar/data/732717/000119312514203711/d729946d8k.htm>

[2] <http://www.latimes.com/business/la-fi-ct-nfl-sunday-ticket-20140101-story.html#axzz2pCK2G0ng&page=1>

[3] <http://online.wsj.com/news/articles/SB10001424052702304422704579570443151651808>