

## **Report: Sprint, T-Mobile Set \$2B Breakup Fee, T-Mobile Name for Combined Co.**

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CNBC is [reporting](#) [1] that Sprint and T-Mobile have agreed to a \$2 billion breakup fee should their potential merger not go through. The Wall Street Journal had previously reported the breakup fee attached to the merger would be \$1 billion.

The two companies have also reportedly agreed on T-Mobile as the name for the combined company, lending credibility to reports that T-Mobile CEO John Legere is in line to lead after the merger.

T-Mobile has been outpacing Sprint, Verizon and AT&T in adding subscribers over the past few quarters and the number four carrier has been steadily improving its network and spectrum portfolio. Part of T-Mobile's advances can be attributed to the \$4 billion breakup fee it cashed in when U.S. regulators in 2011 shot down AT&T's \$39 billion bid for the carrier.

The FCC, now under the leadership of Chairman Tom Wheeler, has been similarly skeptical of a [proposed tie-up between Sprint and T-Mobile](#) [2].

SoftBank CEO/Sprint Chairman Masayoshi Son has been busy bashing the state of the U.S. wireless industry as his company is reportedly readying a bid for T-Mobile as soon as July. Reports have indicated Sprint and Deutsche Telekom (DT), owners of 67 percent of T-Mobile, have agreed to a \$40 per share price tag. DT would retain a 15 percent stake in T-Mobile following the transaction.

Lurking in the shadows is Dish Network, which last year proved a serious impediment to Sprint's eventual acquisition of Clearwire and SoftBank's eventual acquisition of 80 percent of Sprint.

In light of AT&T's proposed \$49 billion acquisition of satellite TV giant DirecTV, analysts have speculated Dish could jump in with a bid for T-Mobile. The move would help Dish keep pace with DirecTV and also provide it with a network on which to deploy its spectrum.

But Macquarie Capital analyst Kevin Smithen [said](#) [3] Dish partnering with a combined Sprint and T-Mobile is more likely. Access to the combined company's infrastructure would help Dish realize its wireless provider ambitions and possibly turn it into a replacement fourth U.S. carrier, which could ease the concerns of regulators of letting Sprint and T-Mobile merge. That scenario could also potentially provide a combined Sprint and T-Mobile with a TV play in order to better compete with AT&T and Verizon, both well established in TV.

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### Links:

[1] <http://seekingalpha.com/news/1799763-cnbc-sprint-t-mobile-agree-on-2b-breakup-fee-name?uprof=53>

[2] <http://www.wirelessweek.com/news/2014/06/report-sprint-nearing-32-billion-deal-t-mobile>

[3] <http://news.investors.com/technology/061114-704299-dish-network-mobile-video-partnership-possible.htm>