

AT&T/T-Mobile Withdraw FCC Merger Application

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AT&T and T-Mobile announced Thursday they have withdrawn their application to the FCC for approval of the [\\$39 billion deal](#) to focus on obtaining approval from the Justice Department through trial or a settlement.

Recognizing the difficult road ahead for approval of the deal, AT&T also said it intends to take a \$4 billion pre-tax accounting charge “to reflect the potential break up fees due Deutsche Telekom in the event the transaction does not receive regulatory approval.”

The companies said in a statement that they took the action after the FCC Tuesday [indicated](#) it would seek to block the wireless megadeal, by designating it for an administrative hearing. Commission staff said they believed the pairing of the two carriers would reduce competition in the wireless market and wouldn't produce the benefits for consumers in terms of jobs and expansion of wireless broadband.

AT&T and Deutsche Telekom said they electronically withdrew the application with the FCC on Wednesday.

The companies added they're not folding their cards yet.

[The statement](#) said the companies “are continuing to pursue the sale of Deutsche Telekom's U.S. wireless assets to AT&T and are taking this step to facilitate the consideration of all options at the FCC and to focus their continuing efforts on obtaining antitrust clearance for the transaction from the Department of Justice either through the litigation pending before the United States District Court for the District of Columbia.”

The statement also said that they intend to refile with the FCC “as soon as practical.”

AT&T's pretax accounting charge represents the \$3 billion cash and \$1 billion book value of spectrum that the company pledged in breakup fees due to Deutsche Telekom if the transaction fails to receive regulatory approval.

Despite AT&T's intensive campaign after announcing the proposed deal in March to sell it to the public, state and federal regulators, unions and Congress, it was opposed by a number of public interest groups and wireless rivals.

Some called Thursday for the company to withdraw the deal entirely. They added that AT&T's move prevents the FCC from making public its research showing the deal is not in the public interest.

“Withdrawal of the FCC applications should be seen for what it is: a concession that the

deal would create a duopoly in the national wireless market that will result in higher prices and reduced choice in handsets,” said Andrew Jay Schwartzman, of the Media Access Project, in a statement. “AT&T was unable to show that it actually needs T-Mobile's assets to build out high-speed broadband.”

AT&T's move will prevent the FCC from sharing the judge presiding over the DOJ case from seeing the FCC's conclusions, the groups argued. Gigi Sohn, president and co-founder of Public Knowledge, said in a statement, “Those findings would be the subject of the large and complex administrative hearing and process that AT&T would still need to survive in order to complete the \$39 billion transaction.”

"We hope that AT&T would similarly withdraw its application from the Justice Department and end this charade once and for all," she added.