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### AT&T bond sale aimed at financing DirecTV acquisition

April 24, 2015 | By Jim Barthold

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AT&T (NYSE: T) has completed the third largest corporate bond sale--\$17.5 billion--to help pay for its DirecTV (NASDAQ: DTV) acquisition.

The offering, which drew mixed reviews on Wall Street, is the second largest this year alone behind a \$21 billion offering by Actavis in March. The all-time topper

Investors reportedly jumped at the offering "enticed in part because the new bonds, which will mature in five to 31 years, offered more interest that the company's

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was a \$49 billion deal by Verizon (NYSE: VZ) in September 2013.

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existing debt," a Wall Street Journal story said.

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"The response was incredibly strong, perhaps even stronger than we had **TOOLS** anticipated," Andrew Karp, co-head of Bank of America Merrill Lynch's Americas investment-grade capital markets. Bank of America Merrill Lynch joined J.P.

Morgan and Morgan Stanley in coordinating the deal.

The bonds are contingent on AT&T's ability to acquire DirecTV. Company leaders Comment told analysts during a first-quarter earnings call that they are confident the deal would go through, but that was before Comcast (NASDAQ: CMCSA), facing

government pressure, backed away from its Time Warner Cable (NYSE: TWC) acquisition. If the DirecTV deal falls through, AT&T said it would redeem some of the bonds at a premium.

Contact Not everyone was enthused about the deal, according to a Barron's blog posting.

> "Given the low growth mix of AT&T's businesses, challenging competitive environment and declining margins and cash flow in its existing operations, we

> believe that the company may be hard-pressed to achieve the leverage reduction

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goal," Bruce Falbaum, portfolio manager of Cohanzick Managements' Nexus Fund, told Barron's in an email. "With respect to DTV, they are paying a very high price for cash flow to replace declines in cash flow in their other businesses."

For more:

- see this Wall Street Journal story (sub. reg.)
- see this Barron's blog posting

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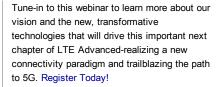
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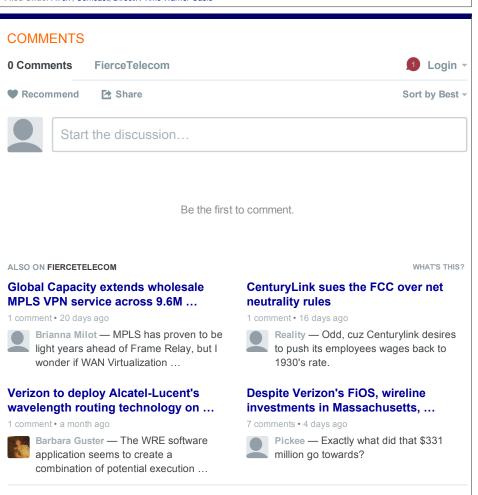
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