



BUSINESS

AT&T boss would roll regulatory dice with Time Warner deal

By Josh Kosman

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Chairman and CEO of AT&T Randall Stephenson

Photo: Reuters

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AT&T boss Randall Stephenson likes taking risks when it comes to mergers and acquisitions — and **his reported interest in Time Warner** is just the latest example of his go-big-or-go-home attitude.

A deal between the two companies would bring together the No. 1 content carrier with one of the biggest content providers — a deal that is sure to attract regulators' attention.

One Wall Street analyst told clients Friday that he believed the odds of this deal getting regulatory approval are below 50 percent.

"He understands why AT&T would want to do a deal, but doesn't understand why Time Warner would jump into a non-approvable deal unless they are seeing something on the regulatory front we are not. The business isn't blowing up and while there are long-term structural challenges, it seems a little reckless to rush into this deal given the regulatory risks," said a source who spoke to the analyst.

The Department of Justice last year successfully stopped cable provider Comcast's purchase of Time Warner Cable that would have married content with wider distribution.

A marriage of giant content distributor AT&T, which also owns DirectTV, with HBO parent Time Warner has similar issues.

Stephenson in 2011 overreached when agreeing to buy T-Mobile USA for \$39 billion. The DOJ successfully sued to block the merger, forcing AT&T to pay a \$4 billion break-up fee — the biggest ever for a failed deal.

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