

# The DOJ will sue AT&T and Time Warner to block merger

**The Justice Department says it's willing to strike a deal, but AT&T leaders refuse to sell assets**

## Overview of the lawsuit

On Nov. 20, 2017, the DOJ announced it would sue to prevent the merger between AT&T and Time Warner. The DOJ's lawsuit represents the culmination of months of delays and uncertainty.

## What does the merger process look like?

Companies are reviewed by either the DOJ or both the DOJ and the Federal Communications Commission, but AT&T has avoided a public interest review by the FCC.

## What happens next?

The DOJ is open to dropping the suit if the companies offer a plan to remedy competitive harm, but AT&T leaders say they will not sell assets. AT&T said it was prepared to go to trial in as few as 60 days. If the case goes to court, the decision would rest with a judge. AT&T would likely press for a decision before April 22, when they can leave the merger without penalty.



*"This merger would greatly harm American consumers. It would mean higher monthly television bills and fewer of the new, emerging innovative options that consumers are beginning to enjoy."*

— Makan Delrahim, US Assistant Attorney General for the Antitrust Division



*"This defies logic and is unprecedented. I've done a lot of deals in my career but I've never done one which I've disagreed with the Department of Justice on so many facts."*

— AT&T Chairman & CEO Randall Stephenson

## The DOJ's concerns about the merger, as outlined in their suit complaint



Consumers would likely face higher prices for cable or satellite television subscriptions because AT&T would be able to charge more for licensing of programming



The merger could stifle innovation from competing online streaming firms if AT&T withheld programs from those online providers



AT&T could use its increased control over programming to force competitors to pay hundreds of millions of dollars more per year for the right to distribute content

Sources: Harper Neidig, "AT&T, Time Warner hit bumps on way to merger," The Hill, July 16, 2017; Cecilia Kang, "How Trump's Pick for Top Antitrust Cop May Shape Competition," NY Times, Apr. 25, 2017; Michael M. Grynbaum, "The Network Against the Leader of the Free World," NY Times, Jul. 5, 2017; "Trump changes his mind on AT&T-Time Warner merger," The European Post, Jan. 20, 2017; Karl Bode, "AT&T Intends To Dodge FCC Review Of Time Warner Mega-Merger, But Trump Remains A Wild Card," TechDirt, Jan. 11, 2017; Marguerite Reardon, "Lawmakers grill AT&T over \$85 billion Time Warner merger," CNET, Dec. 7, 2016; Matt Pressberg, "AT&T CEO Randall Stephenson: DOJ Antitrust Suit 'Defies Logic and Is Unprecedented,'" The Wrap, Nov. 20, 2017; Cecilia Kang & Michael J. de la Merced, "U.S. Sues to Block AT&T-Time Warner Merger," NYT, Nov. 20, 2017; Sara Forden et al., "AT&T, U.S. Prepare to Battle in Court Over Time Warner Merger," Bloomberg, Nov. 20, 2017.

# AT&T and Time Warner merger: background

Telecommunications giant AT&T seeks to acquire media giant Time Warner



**AT&T:** world's largest telecommunications company

- US's second-largest provider of mobile phone services & largest provider of fixed phone services
- \$163.8 billion in revenue in 2016



**Time Warner:** media/entertainment conglomerate

- The world's third-largest entertainment company
- \$28.11 billion in revenue in 2015



**The merger would be the largest in 2017**

## Timeline of the merger

Oct. 2016

**Oct. 22:** AT&T agreed to buy Time Warner for \$85.4 billion. Pres.-elect Trump said he would block the merger to prevent too much power "in the hands of too few."

Dec. 2016

**Dec. 7:** Dems warn that merger would raise bills for consumers and limit access to programming. Tech experts worry the merger will threaten net neutrality.

Jan. 2017

**Jan. 18:** Trump backs off his opposition to the merger, claiming that he "[hadn't] seen any of the facts..."

Mar. 2017

**Mar. 27:** Trump appoints Makam Delrahim to head antitrust investigations. Delrahim has condemned government interference in corporate mergers.

Apr. 2017

**Apr. 14:** Time Warner sells a TV station to avoid public interest review by the FCC, meaning AT&T's merger can only be vetoed by the Justice Department.

Jul. 2017

**Jul. 6:** White House advisers have discussed using the merger as leverage over CNN, a Time Warner company that Trump has publicly attacked as "fake news."

Oct. 2017

**Oct. 23:** AT&T and Time Warner – awaiting approval from the DOJ – announced they were extending the deadline for the pending merger.

Nov. 2017

**Nov. 20:** Department of Justice announces it is suing to block AT&T's purchase of Time Warner in Washington, D.C.

Sources: Michael J. de la Merced, "AT&T Agrees to Buy Time Warner for \$85.4 Billion," NY Times, Oct. 22, 2016; Cecilia Kang & Michael J. de la Merced, "AT&T's Blockbuster Deal for Time Warner Hangs in Limbo," NY Times, July 9, 2017; Harper Neidig, "AT&T, Time Warner hit bumps on way to merger," The Hill, July 16, 2017; Cecilia Kang, "How Trump's Pick for Top Antitrust Cop May Shape Competition," NY Times, Apr. 25, 2017; Michael M. Grynbaum, "The Network Against the Leader of the Free World," NY Times, Jul. 5, 2017; "Trump changes his mind on AT&T-Time Warner merger," The European Post, Jan. 20, 2017; Karl Bode, "AT&T Intends To Dodge FCC Review Of Time Warner Mega-Merger, But Trump Remains A Wild Card," TechDirt, Jan. 11, 2017; Marguerite Reardon, "Lawmakers grill AT&T over \$85 billion Time Warner merger," CNET, Dec. 7, 2016; Ali Breland, "AT&T, Time Warner extend merger deadline amid pending DOJ approval," The Hill, Oct. 23, 2017.