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September 19, 2011

Julius Genachowski
Secretary
Federal Communications Commission
445 12th St. SW
Washington, DC 20554

Re: WT 11-65, Applications of AT&T Inc. and Deutsche Telekom AG For Consent To Assign or Transfer Control of Licenses and Authorizations

Dear Ms. Dortch:

AT&T and its allies have claimed that its proposed takeover of T-Mobile would create American jobs. These claims are yet another example of AT&T lobbyist “spin”—an inside-the-Beltway ploy to turn facts on their head to curry political favor. No amount of spin, however, can obscure the plain truth: as AT&T’s own statements and track record demonstrates, the proposed takeover will reduce jobs in the United States, putting as many as 20,000 Americans out of work.¹

AT&T itself has already made clear that it plans to layoff thousands of workers as part of the “synergies” it hopes to gain in return for the \$39 billion price tag it has agreed to pay to buy T-Mobile. Indeed, AT&T has highlighted these job cuts for its investors, telling investors that it would eliminate jobs by carrying out “required force reductions,” close stores, and limit retail distribution through “rationalization.”² According to a commercial real estate analyst, it is “inevitable” that AT&T will eliminate “retail stores and distribution centers, call centers, billing and customer care regional headquarters.”³ AT&T CFO Rick Linder calls these cuts “obvious straightforward synergies.”⁴ Media reports confirm that the “combined company is expected to close hundreds of retail outlets in areas where they overlap, as well as eliminate overlapping back office, technical and call center staff.”⁵

¹ David Sarno & David Savage, *U.S. Fears Lost Jobs If AT&T Merger is Approved*, L.A. TIMES, Sept. 1, 2011, <http://articles.latimes.com/2011/sep/01/news/ct-biz-0901-att-justice-20110901>.

² AT&T, AT&T + T-Mobile: A World-Class Platform for the Future of Mobile Broadband 29, March 21, 2011, http://www.att.com/Common/about_us/pdf/INV_PRES_3-21-11_FINAL.pdf.

³ Mark Heschmeyer, CRE May Hear Static from Proposed Merger of AT&T and T-Mobile, March 23, 2011, <http://www.costar.com/News/Article/CRE-May-Hear-Static-from-Proposed-Merger-of-ATT-and-T-Mobile/127392>.

⁴ *Id.*

⁵ Andrew R. Sorkin, Michael J. de la Merced, & Jenna Wortham, *AT&T Makes Deal to Buy T-Mobile for \$39 Billion*, N.Y. TIMES, Mar. 21, 2011, at A3.

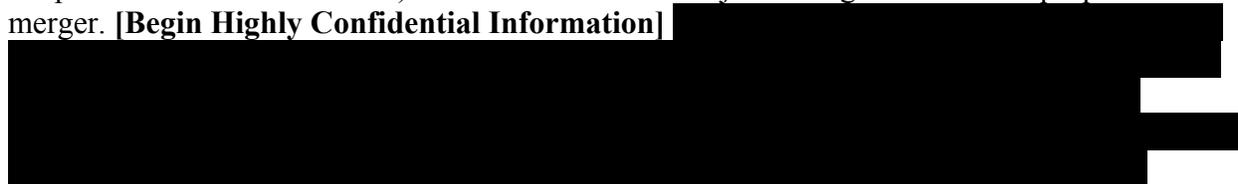
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Cutting American jobs comes right out of the AT&T merger and acquisition playbook. Because of its aggressive merger strategy, it has eliminated more than 100,000 wireless and wireline jobs in the past ten years.⁶ Even T-Mobile has recognized AT&T's (and Verizon's) track record in laying-off American workers following the takeover of other wireless carriers. In a January 2011 letter to the FCC, T-Mobile contrasted its creation of thousands of American jobs as a stand-alone company with the thousands of pink slips sent out after Bell company acquisitions in recent years:

Since Deutsche Telekom acquired VoiceStream, T-Mobile's predecessor, approximately 10 years ago, ... it has invested approximately \$30 billion in the U.S. economy, creating more than 35,000 jobs. And in just the three years between 2006-2009, T-Mobile created 11,000 jobs in the U.S. ... In contrast, over this same period of time the largest carriers, AT&T and Verizon, appear to have eliminated approximately 40,000 jobs—largely through mergers and consolidation.⁷

It is therefore not surprising that, in anticipation of a takeover by AT&T, T-Mobile has been preparing severance packages for its workers.⁸

AT&T's confidential, internal documents (the discussion of which must be redacted from the public version of this letter) further demonstrate the job-killing nature of this proposed merger. **[Begin Highly Confidential Information]** 



⁶ David Neumark, *The AT&T/T-Mobile Merger: A Recipe for Reducing Job for American Workers* 10 (2011), <http://newsroom.sprint.com/images/9004/ATT-T-Mobile-merger-jobs-study.pdf>.

⁷ Letter from Kathleen O'Brien Ham to Ms. Marlene H. Dortch, WT Docket No. 10-133, Jan. 6, 2011, at 2.

⁸ Anthony James, *T-Mobile Preparing Possible Severance Packages if AT&T Merger Approved*, TECHFLASH, July 27, 2011, <http://www.techflash.com/seattle/2011/07/vp-t-mobile-to-offer-severance.html>.

⁹ **[Begin Highly Confidential Information.]**  **[End Highly Confidential Information.]**

¹⁰ **[Begin Highly Confidential Information.]**  **[End Highly Confidential Information.]**

¹¹ **[Begin Highly Confidential Information.]**  **[End Highly Confidential Information.]**

¹² **[Begin Highly Confidential Information.]**  **[End Highly Confidential Information.]**

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[End Highly Confidential Information] This shows that AT&T's own internal planning contradicts its public case.

If approved, the proposed transaction will lead to less investment, *i.e.*, fewer jobs, in the United States but more investment (and more jobs) in Germany and Europe. In other words, AT&T is essentially seeking to export jobs from the United States to Europe. In particular, AT&T has stated that it expects the transaction to lead to \$10 billion in savings from “[a]voided purchases and investments.”¹⁴ At the same time, part of the \$39 billion acquisition price is a \$25 billion cash payment to Deutsche Telekom, which represents a capital outflow from the United States to Europe. This \$25 billion will be used to invest in broadband deployment in Europe, not the United States. AT&T and Deutsche Telekom admit that a key reason for the transaction is that “Deutsche Telekom[] must dedicate significant capital resources to broadband deployment in Germany and the rest of Europe.”¹⁵ As Deutsche Telekom Senior Vice President Langheim has explained, the transaction will “provide the resources necessary to modernize and upgrade Deutsche Telekom’s core businesses in Europe.”¹⁶ That may be good news in Europe, but it is bad news for the American worker.

David Neumark, an economics professor at the University of California at Irvine, has conducted an analysis that refutes claims that AT&T’s takeover of T-Mobile will create jobs. Professor Neumark assessed the net reduction in capital expenditure by a combined AT&T and T-Mobile, AT&T’s own statements, and AT&T’s record of workforce reduction following prior acquisitions. His study shows that AT&T’s takeover of T-Mobile will almost certainly lead to a direct, overall reduction in American jobs.¹⁷

AT&T cannot deny the plain truth: if T-Mobile remains a stand-alone competitor, it will continue to create good jobs for thousands of American workers, but if AT&T’s takeover is approved, thousands of T-Mobile USA employees—engineers, salespeople, managers, clerks, secretaries, and others in Washington state and throughout the United States—will be out on the street looking for work when the nation already faces one of the highest unemployment rates since the Great Depression.

¹³ **[Begin Highly Confidential Information.]** **[End Highly Confidential Information.]**

¹⁴ AT&T, AT&T + T-Mobile: A World-Class Platform for the Future of Mobile Broadband 35, March 21, 2011, http://www.att.com/Common/about_us/pdf/INV_PRES_3-21-11_FINAL.pdf.

¹⁵ AT&T / Deutsche Telekom FCC Application, Public Interest Statement at 5.

¹⁶ AT&T / Deutsche Telekom FCC Application, Declaration of Thorsten Langheim at 2, 3-4.

¹⁷ David Neumark, The AT&T/T-Mobile Merger: A Recipe for Reducing Job for American Workers, August 2011, <http://newsroom.sprint.com/images/9004/ATT-T-Mobile-merger-jobs-study.pdf>.

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Respectfully submitted,

/s Harold Feld
Legal Director
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