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**REDACTED – FOR PUBLIC INSPECTION**

October 26, 2011

*Via Electronic Filing*

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, DC 20554

Re: *Applications of AT&T Inc. and Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses and Authorizations*  
WT Docket No. 11-65 – *Ex Parte* Presentation

Dear Ms. Dortch:

AT&T has attempted to justify its takeover of T-Mobile with a series of fundamentally inconsistent statements. AT&T's claims to the FCC, Congress and the public about jobs, its network, its plans to deploy mobile broadband and its view of T-Mobile's future are at odds with its internal documents and contrary to what it has told investors.

One example of AT&T's distortion and spin was revealed when it inadvertently disclosed that its estimate of the cost to expand its LTE coverage to 97% of the U.S. population was a fraction of the \$39 billion purchase price for T-Mobile. Until the accidental disclosure of the facts, the public had no way of knowing that one of AT&T's primary purported justifications for the takeover was wholly without merit. In another example, AT&T has claimed in Washington that its takeover of T-Mobile would create jobs (or at least "job years"), yet reassured Wall Street that it will cut jobs, close stores, slash expenses, and curtail investment. As outlined in the attached charts, AT&T has spun one story to the public, while the facts it has hidden from the public tell quite a different story; it has told one version of its story in Washington, yet a vastly different version on Wall Street.

AT&T's flatly inconsistent statements raise "substantial and material question[s] of fact" under Section 309(e) of the Communications Act, mandating that the Commission designate the

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proposed transaction for hearing. More broadly, AT&T has not come close to meeting its burden of demonstrating, by a preponderance of the evidence, that the proposed takeover would serve the public interest. The pleading cycle in this proceeding closed on June 20 and the facts do not support AT&T's claims. Accordingly, Sprint urges the Commission to act promptly to designate the transaction for hearing.

In accordance with the FCC's rules, 47 C.F.R. § 1.1206(b), this *ex parte* is being electronically filed in the above-referenced proceeding, together with a redacted version of the highly confidential attachment. Pursuant to the Second Protective Order in the above-referenced proceeding, 26 FCC Rcd 6243, the highly confidential version is being filed with the FCC Secretary's Office under seal, and two copies are being hand delivered to Kathy Harris of the Wireless Bureau.

Respectfully submitted,

/s/ Regina M. Keeney

Regina M. Keeney

Counsel to Sprint Nextel Corporation

Attachments (2)

cc: Jim Bird  
Stacy Ferraro  
Kathy Harris  
Renata Hesse  
Rick Kaplan  
David Krech  
Kate Matraves  
Best Copy & Printing, Inc.

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# AT&T / T-MOBILE: A TALE OF TWO MERGERS

AT&T's Washington Story	AT&T's Wall Street Story
<p><b>Merging Two Companies Will Somehow Increase Jobs</b></p>	<p><b>Actually, We'll Cut Jobs</b></p> <p>If the takeover's approved, AT&amp;T will increase profits by cutting jobs and costs by \$40 Billion.</p> <p>The merged firm would:<sup>1</sup></p> <ul style="list-style-type: none"> <li>• Cut jobs with "required force reductions" and "attrition"</li> <li>• Close stores</li> <li>• Cut advertising and marketing</li> <li>• Cut \$10 billion in purchases and investments</li> <li>• Avoid building new network facilities</li> <li>• Eliminate cell sites</li> </ul>
<p><b>We Can't Build Out Our Mobile Broadband Service if We Don't Merge</b></p>	<p><b>We're a "Mobile Broadband Leader" and a "Leader in 4G"<sup>2</sup></b></p> <p><i>AT&amp;T's CEO:</i> "[W]e've completed our nationwide HSPA+ deployment, and where we combine that with advanced backhaul, we're getting 4G speeds today up to six meg...And then on top of this, we've accelerated our LTE deployment."<sup>3</sup></p> <p><i>AT&amp;T's CFO:</i> "We've got a network evolution path, I think, that is – will be the most elegant from a customer standpoint by having both HSPA+ across our entire footprint as we roll out LTE."<sup>4</sup></p> <p><i>AT&amp;T Press Release:</i> "AT&amp;T operates the nation's fastest mobile broadband network today, and it's getting faster in 2011 with 4G. AT&amp;T is the only U.S. company committed to delivering 4G using both HSPA+ and LTE technologies – providing a faster and more consistent experience for customers. The company announced plans today to accelerate its LTE network build, to be largely complete by year end 2013."<sup>5</sup></p>
<p><b>The Transaction's About Customer Service and Service to Rural Communities</b></p>	<p><b>Actually, It's About Profits</b></p> <p><i>AT&amp;T's CFO:</i> "So to sum up, this is a transaction that creates substantial shareowner value. Most important, it enhances our long-term revenue and margin potential."<sup>6</sup></p>

AT&T's Washington Story	AT&T's Wall Street Story
<p><b>T-Mobile Is a “Struggling Asset” and Has “No Clear Path”</b></p>	<p><b>Actually, T-Mobile's Terrific</b></p> <p><i>AT&amp;T's General Counsel:</i> “In terms of the T-Mobile asset, actually it's a terrific asset. ... [A]t the end of the day [T-Mobile's] an asset with a great spectrum position and it's an asset with a great cellular cell site grid and infrastructure, good customer base, good prepaid platform. So there's just a lot of great value, great benefits in there, good employee base ... and regardless of its short-term performance, I think the asset's good. They've got some plans in place that we think are really going to help to stabilize that, so we feel pretty good about it.”<sup>7</sup></p> <p><i>Deutsche Telekom's CEO:</i> “T-Mobile is in a good way. ... T-Mobile is a very good asset.”<sup>8</sup></p> <p><i>T-Mobile's CEO:</i> “We are capitalizing on our 4G advantage. ... T-Mobile built the largest and fastest 4G network in the country” and “has a superior 4G handset lineup.”<sup>9</sup></p> <p><i>T-Mobile's CTO:</i> “[I]t's a very, very exciting time to be in this space and to really leverage a 4G network position that T-Mobile has now established a leadership position. ... T-Mobile has a winning proposition today. ... At the right point in time when it's needed for us we can roll out LTE more as a capacity overlay ....”<sup>10</sup></p>
<p><b>Paying Deutsche Telekom \$39 Billion Helps Build Broadband in America</b></p>	<p><b>Actually, Paying DT a Huge Premium Helps Build Broadband in Foreign Countries</b></p> <p>AT&amp;T's \$39 billion purchase price for T-Mobile “was too good to turn down,” values T-Mobile at seven times its 2010 earnings, and represents about a 50% premium.<sup>11</sup></p> <p><i>Deutsche Telekom's CEO:</i> “This [transaction] will strengthen our position in Europe, whilst we are still participating in the rapidly growing business of mobile data. We will be able to focus more on the opportunities of a modern infrastructure in Germany and Europe, as well as in Internet products that accompanies to our strategy “fix, transform and innovate.” Following our initiatives of finding a solution for our activities both in the United Kingdom and Poland, we have with this transaction nearly accomplished the “fix” part of our strategy. We will now focus our resources more on the “transform” and “innovate” blocks of our strategy in order to accelerate the transformation of Deutsche Telekom.”<sup>12</sup></p>

<b>AT&amp;T's Washington Story</b>	<b>AT&amp;T's Wall Street Story</b>
<p><b>We Can't Solve our Capacity Problems without the Merger</b></p>	<p><b>Actually, We Feel Good About the Network</b></p> <p><i>AT&amp;T Mobility's VP of Technology Realization:</i> "We feel very good about our spectrum position ... [a]nd we say that with full understanding of what the data demands will be."<sup>13</sup></p> <p><i>AT&amp;T's CEO:</i> "[W]e're really starting to feel good about the network situation. We're making a lot of progress here. And as I commented in the opening comments, we had a significant clearing of backlog from our vendors in December. We were having some serious capacity constraints in key markets, and we really saw the backlogs clear. And we spent the last 45 days literally just bringing capacity online in a rather dramatic fashion, and we're seeing those numbers move."<sup>14</sup></p> <p><i>AT&amp;T Mobility's CFO:</i> "Fortunately for AT&amp;T, we're in a pretty good situation regarding where we are in the spectrum that we have and that we need here for the next few years."<sup>15</sup></p> <p><i>AT&amp;T's President of Emerging Devices:</i> AT&amp;T has "learned how to deal with [increased data] usage on our network" which is "performing very well, really everywhere."<sup>16</sup></p>

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ENDNOTES

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- <sup>1</sup> AT&T March 21, 2011 Investor Presentation, <[http://mobilizeeverything.com/uploaded-files/ATT\\_T-Mobile\\_A\\_World\\_Class\\_Platform\\_for\\_the\\_Future\\_of\\_Mobile\\_Broadband.pdf](http://mobilizeeverything.com/uploaded-files/ATT_T-Mobile_A_World_Class_Platform_for_the_Future_of_Mobile_Broadband.pdf)>; see also “Fact Sheet” appended to Form 8-K filed with Securities Exchange Commission March 21, 2011, <<http://www.sec.gov/Archives/edgar/data/732717/000119312511071855/0001193125-11-071855-index.htm>> (“Value of synergies expected to exceed the purchase price of \$39B”).
- <sup>2</sup> AT&T Investor Update 4Q10 Earnings Conference Call, January 27, 2011, Slide 4, <[http://www.att.com/Investor/Financial/Earning\\_Info/docs/4Q\\_10\\_slide\\_c.pdf](http://www.att.com/Investor/Financial/Earning_Info/docs/4Q_10_slide_c.pdf)>.
- <sup>3</sup> Seeking Alpha, January 27, 2011, “AT&T’s CEO Discusses Q4 2010 Results - Earnings Call Transcript,” Randall Stephenson <<http://seekingalpha.com/article/249133-at-t-s-ceo-discusses-q4-2010-results-earnings-call-transcript>>.
- <sup>4</sup> *Id.*, Rick Linder <<http://seekingalpha.com/article/249133-at-t-s-ceo-discusses-q4-2010-results-earnings-call-transcript>>.
- <sup>5</sup> News Release January 5, 2011, “AT&T Announces Plans to Deliver Nation’s Most Advanced Mobile Broadband Experience ... Accelerates LTE network build -- to be largely complete by YE 2013,” <<http://www.att.com/gen/press-room?pid=18885&cdvn=news&newsarticleid=31477&mapcode=consumer%7Cfinancial>>.
- <sup>6</sup> Rick Linder, Transcript of AT&T Investor Presentation March 21, 2011, at 13, <[http://mobilizeeverything.com/uploaded-files/Chat\\_Transcript.pdf](http://mobilizeeverything.com/uploaded-files/Chat_Transcript.pdf)>.
- <sup>7</sup> Wayne Watts, Transcript of AT&T Investor Presentation March 21, 2011, at 18-19, <[http://mobilizeeverything.com/uploaded-files/Chat\\_Transcript.pdf](http://mobilizeeverything.com/uploaded-files/Chat_Transcript.pdf)>.
- <sup>8</sup> Transcript of January 20, 2011 Briefing by Deutsche Telekom and T-Mobile USA, Inc. to Analysts, at 1-2, <[http://www.telekom.com/dtag/cms/contentblob/dt/en/979218/blobBinary/transcript\\_20012011.pdf](http://www.telekom.com/dtag/cms/contentblob/dt/en/979218/blobBinary/transcript_20012011.pdf)>
- <sup>9</sup> *Id.* at 4-5.
- <sup>10</sup> *Id.* at 9, 14.
- <sup>11</sup> Andrew Parker, “Deutsche Telekom Rules Out Big Deals,” FINANCIAL TIMES, May 11, 2011, <<http://www.ft.com/intl/cms/s/0/9d0f700c-7bf6-11e0-9b16-00144feabdc0.html#axzz1bp9G4PEO>>; Deutsche Telekom Investor Presentation, March 20, 2011, at 3, <[http://www.telekom.com/dtag/cms/contentblob/dt/en/1005662/blobBinary/dtag\\_presentation\\_110323.pdf](http://www.telekom.com/dtag/cms/contentblob/dt/en/1005662/blobBinary/dtag_presentation_110323.pdf)>.
- <sup>12</sup> Deutsche Telekom Press Release, March 20, 2011, “Deutsche Telekom: US Deal accelerates own transformation,” <<http://www.telekom.com/dtag/cms/content/dt/en/1005632>>.
- <sup>13</sup> Kevin Fitchard, *AT&T Doubling 3G Capacity*, CONNECTED PLANET (Apr. 20, 2009), <<http://connectedplanetonline.com/wireless/news/att-3g-network-capacity-increase-0420/>>.
- <sup>14</sup> Seeking Alpha, January 27, 2011, “AT&T’s CEO Discusses Q4 2010 Results - Earnings Call Transcript,” Randall Stephenson <<http://seekingalpha.com/article/249133-at-t-s-ceo-discusses-q4-2010-results-earnings-call-transcript>>.
- <sup>15</sup> *AT&T at Credit Suisse Group Convergence Conference*, FAIR DISCLOSURE WIRE, at 7 (March 9, 2011) (quoting AT&T Wireless CFO Pete Ritcher).
- <sup>16</sup> *AT&T at Morgan Stanley TMT Conference*, FAIR DISCLOSURE WIRE, at 7-8 (Nov. 17, 2010).

# THE REAL DEAL

<b><i>PROPAGANDA AT&amp;T FEEDS THE PUBLIC</i></b>	<b><i>FACTS AT&amp;T HIDES FROM THE PUBLIC</i></b>
<p><b>Myth # 1</b></p> <p>A Takeover that Reduces Costs by Eliminating Jobs Supposedly Creates Jobs</p>	<p><b>The Takeover Would Not Create Jobs<sup>1</sup></b></p> <p><b>The Facts As Revealed in AT&amp;T's "Confidential" Documents</b></p> <p><b>[Begin Highly Confidential Information]</b></p> <ul style="list-style-type: none"><li>• [REDACTED]</li><li>• [REDACTED]</li><li>• [REDACTED]</li><li>• [REDACTED]</li></ul> <p><b>[End Highly Confidential Information]</b></p> <p>AT&amp;T also appears to be hiding relevant information about its jobs claims from the FCC. In May, the FCC requested that AT&amp;T provide internal company documents regarding the net impact the proposed merger will have on jobs, but AT&amp;T produced "almost nothing" in response and the FCC has recently demanded that AT&amp;T rectify its "incomplete" response and produce the relevant documents.<sup>6</sup></p>
<p><b>Myth # 2</b></p> <p>Paying Deutsche Telekom \$39 Billion Enables AT&amp;T to Expand its LTE Broadband Network</p>	<p><b>AT&amp;T Would Expand its LTE Broadband Network Without Having to Pay Deutsche Telekom \$39 Billion<sup>7</sup></b></p> <p><b>The Facts As Revealed in AT&amp;T's "Confidential" Documents</b></p> <p><b>[Begin Highly Confidential Information]</b></p> <ul style="list-style-type: none"><li>• [REDACTED]</li><li>• [REDACTED]</li><li>• [REDACTED]</li><li>• [REDACTED]</li></ul> <p><b>[End Highly Confidential Information]</b></p>

<b><i>PROPAGANDA AT&amp;T FEEDS THE PUBLIC</i></b>	<b><i>FACTS AT&amp;T HIDES FROM THE PUBLIC</i></b>
<p><b>Myth # 3</b></p> <p>Anti-Competitive Mega Merger Benefits Small Businesses and Rural Communities</p>	<p><b>This Anti-Competitive Mega Merger Will Not Benefit Small Businesses and Rural Communities<sup>12</sup></b></p> <p>The Facts As Revealed in AT&amp;T's "Confidential" Documents</p> <p>[Begin Highly Confidential Information]</p> <ul style="list-style-type: none"><li>• [REDACTED]</li></ul> <p>[End Highly Confidential Information]</p>
<p><b>Myth # 4</b></p> <p>AT&amp;T Can't Fix Its Own Network to Meet Data Demand without the Takeover</p>	<p><b>AT&amp;T Can Fix Its Own Network to Meet Data Demand Without the Takeover<sup>14</sup></b></p> <p>The Facts As Revealed in AT&amp;T's "Confidential" Documents</p> <p>[Begin Highly Confidential Information]</p> <ul style="list-style-type: none"><li>• [REDACTED]</li><li>• [REDACTED]</li><li>• [REDACTED]</li></ul> <p>[End Highly Confidential Information]</p>

