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MAR 7 2013

Federal Communications Commission
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March 7, 2013

BY HAND DELIVERY AND ECFS

Marlene H. Dortch, Secretary
 Federal Communications Commission
 445 12th Street, S.W.
 Room TW-A325
 Washington, DC 20554

REDACTED – FOR PUBLIC INSPECTION

Re: Applications of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. for Consent to Transfer Control of Licenses and Authorizations, WT Docket No. 12-301

Dear Ms. Dortch:

Please find attached a redacted version of an *ex parte* letter filed today by Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. The filing redacts information that is “Highly Confidential” pursuant to the Second Protective Order¹ filed in WT Docket No. 12-301. Accordingly, pursuant to the procedures set forth in the Second Protective Order, one copy of the filing containing Highly Confidential Information (the “Highly Confidential Filing”) and, under separate cover, two copies of the filing in redacted form (the “Redacted Filing”) are being provided to the Secretary’s Office.² The Redacted Filing is also being filed electronically through the Commission’s Electronic Comment Filing System. In addition, copies of the Highly Confidential Filing are also being delivered to Scott Patrick, Mobility Division, Wireless Telecommunications Bureau.

Should any questions arise regarding this filing, please contact the undersigned counsel for Deutsche Telekom AG and T-Mobile USA.

¹ *In the Matter of Applications of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. for Consent to Assign or Transfer Control of Licenses and Authorizations*, Second Protective Order, WT Docket No. 12-301, DA 12-1665 (Oct. 17, 2012) (“Second Protective Order”).

² Second Protective Order at ¶ 12.

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Best regards,

/s/ Nancy J. Victory

Nancy J. Victory

cc: Best Copy and Printing
David Hu
Kathy Harris
Kate Matraves
David Krech
Jim Bird

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March 7, 2013

BY HAND DELIVERY AND ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20554

Re: *Ex Parte* Letter, Applications of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. for Consent to Assign Licenses, WT Docket No. 12-301

Dear Ms. Dortch:

The recent *ex parte* meetings and accompanying filing of the Communications Workers of America (“CWA”)¹ repeat its earlier mischaracterizations about the effects of the proposed MetroPCS and T-Mobile USA transaction on employment. In its March 4, 2013, letter from outside counsel, CWA claims that, based on its consultant’s review of the Applicants’ highly confidential planning documents, the job effects of the proposed transaction “reflected in those documents are significant” and not “relatively small” as represented by the Applicants.² In particular, CWA cites a document purportedly showing **[BEGIN METROPCS HIGHLY CONFIDENTIAL]** **[END METROPCS HIGHLY CONFIDENTIAL]** from the transaction. However, as discussed in greater detail below, the MetroPCS document cited by CWA does not pertain to the transaction being considered by the Commission.

In stark contrast, the record documents for the proposed transaction confirm the Applicants’ previous statements that “the projected synergy benefits resulting from the transaction are targeted to network efficiencies and not to the relatively small number of job reductions where clear redundancies exist post transaction”³ Accordingly, the alleged “smoking gun” cited

¹ Letter from Monica Desai, Counsel for Communications Workers of America, to Marlene Dortch, Secretary, Federal Communications Commission, WT Docket No. 12-301 (filed March 4, 2013) (“CWA *Ex Parte*”).

² *Id.* at 1.

³ Letter from Nancy Victory, Counsel for Deutsche Telekom AG and T-Mobile USA, Inc. and Carl Northrop, Counsel for MetroPCS Communications, Inc. to Marlene Dortch, Secretary,

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by CWA in its FCC *ex parte*—and presumably undergirding its recent Congressional and press statements—is an expressly “preliminary” estimate for a much different, abandoned transaction and thus has no material bearing on the actual proposed transaction currently before the Commission.

As documented in the record before the Commission, the Applicants’ goal in pursuing the proposed transaction is the growth of the combined company—growth that could result in increased employment opportunities. Consistent with this goal, the Applicants’ business plan is not only to continue both the T-Mobile and MetroPCS brands, but to further expand the MetroPCS brand into other metropolitan areas across the country—the vast majority of which are unlikely to be served by a standalone MetroPCS absent the proposed transaction. While CWA has asserted that the proposed transaction is premised on cost cutting that will result in job losses numbering in the thousands, this is simply not consistent with the record before the Commission and the highly confidential business plans of the Applicants, which have been submitted. In fact, the anticipated total position reductions used in the Applicants’ synergies analysis number in the hundreds—not thousands—for a combined workforce of nearly 38,000. Furthermore, in the real world post-closing, actual job losses may be much lower than the position reductions in the synergies model. And, of course, if the Applicants’ business plan is successful, the ultimate result would not only be a more competitive wireless market, but employment growth at the combined company as well.

Nonetheless, in order to lay to rest once and for all CWA’s mischaracterizations and unsubstantiated speculation about the job effects of the proposed transaction, the Applicants submit the following:

- The MetroPCS highly confidential document relied upon by CWA’s consultant as evidence of thousands of job cuts is a preliminary MetroPCS planning document pertaining to a vastly different transaction that ultimately was not pursued and does not have any relevance to the proposed transaction before the Commission. This prior, preliminary unrelated estimate was generated by MetroPCS [**BEGIN METROPCS HIGHLY CONFIDENTIAL**]
[**END METROPCS HIGHLY CONFIDENTIAL**], prepared for the express purpose of a MetroPCS proposed counter-offer to DT, in which MetroPCS would control the combined company, that was ultimately rejected by DT in favor of the proposed transaction.

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- The job effects of the Applicants' proposed transaction actually before the Commission, as demonstrated by the relevant synergy documents, are relatively small and amount to only a fraction of the position reductions claimed by CWA. Moreover, the synergies model assumes no reductions in retail stores or retail store positions. Indeed, the Applicants' post-merger plans are to keep the two brands as separate lines of business and to maintain the two distribution networks of retail stores and dealer franchisees.
- The assumptions concerning anticipated position reductions are clearly shown in the highly confidential documents submitted in response to the FCC's information request and they are not, as implied by CWA, hidden in other network or non-network synergy savings.⁴
- The Applicants have repeatedly stated that they have no plans to move call centers offshore or to reduce employment levels at those call centers. The highly confidential document cited by CWA to purportedly support its allegation on this issue has nothing to do with plans post-transaction. Rather, that document simply confirms T-Mobile's prior statements that past reductions in call centers were in response to reduced call volumes. Indeed, the planning document actually cites an "aggressive hiring plan" to get staffing back to prior levels.

For the reasons summarized above and detailed below, the Applicants urge the Commission to move forward with expeditious approval of their transaction in order to serve the public interest. The Applicants have fully documented that the transaction will promote competition and enable improved services targeted to value customers across the country.

The MetroPCS Preliminary Planning Document Cited by CWA as Evidence of Thousands of Job Cuts Was Prepared Without Due Diligence by MetroPCS for a Counteroffer that Was Rejected by DT and Not Pursued.

CWA's claim that the proposed transaction will result in large numbers of job reductions is principally based on a preliminary planning document that is unrelated to the proposed T-Mobile USA/MetroPCS transaction before the Commission.⁵ The document cited is a [BEGIN METROPCS HIGHLY CONFIDENTIAL]

⁴ Declaration of Peter Ewens, attached as Attachment A.

⁵ CWA *Ex Parte* at 3, 7, nn. 18, 23-24. CWA cites to [BEGIN METROPCS HIGHLY CONFIDENTIAL]

[END METROPCS HIGHLY CONFIDENTIAL]

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[END METROPCS HIGHLY CONFIDENTIAL].⁶ The document, [BEGIN METROPCS HIGHLY CONFIDENTIAL]

⁷ [END METROPCS HIGHLY CONFIDENTIAL]

Ultimately, this proposed deal structure was abandoned and the current transaction structure emerged. The reliance of CWA on this isolated, preliminary document, which does not even pertain to the transaction at hand, completely undermines CWA's claims about job losses. Indeed, the fact that the transaction structure proposed by MetroPCS in March 2012 was vastly different than the arrangement that was ultimately entered into in October 2012 is a matter of public record and either is, or should have been, known to CWA.⁸

The Planning Documents Confirm that Anticipated Position Reductions from the Proposed Transaction Will Be Relatively Small.

CWA speculates that the Applicants' internal documents show that the transaction's synergies are largely related to job reductions.⁹ CWA's analysis is not, in fact, supported by the documents themselves. The bulk of the projected synergies result from network efficiencies and not from the relatively small number of anticipated position reductions to address some redundancies that will exist post-transaction. The actual transaction planning documents confirm that anticipated position reductions will be relatively small, showing that:

- The synergies model assumes no reduction in retail stores or the number of retail store positions;¹⁰

⁶ Declaration of Douglas S. Glen, attached as Attachment B.

⁷ *Id.*

⁸ See MetroPCS Amended Definitive Proxy, <http://investor.metropcs.com/phoenix.zhtml?c=177745&p=irol-newsArticle&id=1789164>.

⁹ CWA *Ex Parte* at 4.

¹⁰ [BEGIN TMUS HIGHLY CONFIDENTIAL]

[END TMUS

HIGHLY CONFIDENTIAL]

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- The synergies model assumes anticipated position reductions occurring immediately post-closing of [BEGIN TMUS HIGHLY CONFIDENTIAL]

[END TMUS HIGHLY CONFIDENTIAL] based on estimated headcount and assumed cost per FTE at the time the synergies analysis was done.¹¹ This reduction constitutes roughly [BEGIN TMUS HIGHLY CONFIDENTIAL] [END TMUS HIGHLY CONFIDENTIAL] % of the combined company's workforce of 38,000 positions; and

- The synergies model assumes additional position reductions amounting to roughly [BEGIN TMUS HIGHLY CONFIDENTIAL] [END TMUS HIGHLY CONFIDENTIAL] % of the combined workforce, representing about [BEGIN TMUS HIGHLY CONFIDENTIAL] [END TMUS HIGHLY CONFIDENTIAL], following the completion of network integration in 2015.¹² T-Mobile USA believes this assumption is actually overstated and will more likely result in something like [BEGIN TMUS HIGHLY CONFIDENTIAL] [END TMUS HIGHLY CONFIDENTIAL] position reductions, many of which will be handled through attrition or transfer.¹³

Thus, in contrast to CWA's claims of thousands of job reductions, the synergies model for the proposed transaction anticipates potential reductions that are a fraction of such number over a period of several years. And these positions, if the Applicants' business plan is successful, could be offset by new employment opportunities arising from growth in the combined company, including through the expansion of the MetroPCS brand. Indeed, CWA's claims of 3000 job losses—or 10,000 in some filings—is particularly outlandish given that MetroPCS has only 3700

¹¹ See [BEGIN TMUS HIGHLY CONFIDENTIAL]

[END TMUS HIGHLY CONFIDENTIAL]. See also Declaration of Peter Ewens, attached as Attachment A.

¹² See [BEGIN TMUS HIGHLY CONFIDENTIAL] [END TMUS HIGHLY CONFIDENTIAL]

¹³ [BEGIN TMUS HIGHLY CONFIDENTIAL]

[END TMUS HIGHLY CONFIDENTIAL] See Declaration of Peter Ewens, attached as Attachment A.

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employees today and the combined company plans not only to retain, but expand, the MetroPCS brand and its associated sales positions geographically.

CWA also incorrectly speculates that the Applicants have hidden position reductions in other network or non-network synergies. In its *ex parte*, CWA asks the Commission to probe other synergies identified by the Applicants for failure to reveal the specific labor component associated with each synergy.¹⁴ The reason that Applicants did not identify a “specific labor component” with each of the identified categories is because no position reductions are contemplated in connection with those categories. The only synergies anticipated to result in position reductions are those noted in the second and third bullets above, which were clearly labeled by the Applicants.¹⁵

The Applicants Have No Plans to Move Call Centers Offshore and the Documents Are Consistent with that Statement.

CWA requests that the Commission ask the Applicants if they have “planned or evaluated migrating call center work.”¹⁶ As previously stated, the Applicants have no plans to move existing T-Mobile USA call centers offshore.¹⁷ Moreover, the Applicants have made no decisions on post-merger integration and outsourcing is not included in any currently projected synergies.¹⁸ Planning documents prepared in connection with the proposed transaction and included in the record confirm these statements.¹⁹

¹⁴ CWA *Ex Parte* at 5-8. Note that the slides identified on Page 7 from MPC-FCC-0000424 do not concern the instant transaction, as noted above.

¹⁵ See Declaration of Peter Ewens, attached as Attachment A.

¹⁶ CWA *Ex Parte* at 9.

¹⁷ See Letter from Nancy J. Victory, Counsel for Deutsche Telekom AG and T-Mobile USA, Inc., and Carl W. Northrop, Counsel for MetroPCS Communications, Inc., to Marlene H. Dortch, Secretary, FCC, WT Docket No. 12-301 at 1 (February 21, 2013).

¹⁸ See *Applications of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc., For Consent to Assign or Transfer Control of Licenses and Authorizations*, Joint Opposition of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. to Comments, WT Docket No. 12-301 at 5 (Dec. 6, 2012).

¹⁹ See, e.g., [BEGIN TMUS HIGHLY CONFIDENTIAL]

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Still, CWA argues that T-Mobile USA [BEGIN TMUS HIGHLY CONFIDENTIAL]

²⁰ [END TMUS HIGHLY CONFIDENTIAL] To support its claim, CWA cites to a T-Mobile USA document titled [BEGIN TMUS HIGHLY CONFIDENTIAL] [END TMUS HIGHLY

CONFIDENTIAL].²¹ However, CWA fails to recognize that the referenced document is not merger-specific and is unrelated to the proposed transaction. Indeed, the document was prepared by T-Mobile USA independent of the proposed transaction and without the consultation or involvement of MetroPCS.

Moreover, the document in question does not suggest that T-Mobile USA plans to move its customer care operations offshore. Instead, the document simply reviews [BEGIN TMUS HIGHLY CONFIDENTIAL]

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[END TMUS HIGHLY CONFIDENTIAL] Accordingly, CWA mischaracterizes the document in its filing and mistakenly concludes that the document could indicate that T-Mobile USA plans to move call centers offshore as a result of the proposed transaction.

CONCLUSION

In short, as represented in the Applicant's public interest statement, the projected synergy benefits driving this proposed transaction are attributable to network efficiencies—not position reductions. Indeed, the goal of the transaction is to grow the existing T-Mobile USA and MetroPCS brands and emerge as the country's leading value provider. Against this backdrop, the conditions sought by CWA would not only impede efforts to serve the value customer, but lock the combined company into unique limitations largely unrelated to the transaction and

²⁰ CWA *Ex Parte* at 4.

²¹ *Id.* at n. 16 (citing [BEGIN TMUS HIGHLY CONFIDENTIAL] [END TMUS HIGHLY CONFIDENTIAL]).

²² [BEGIN TMUS HIGHLY CONFIDENTIAL]

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applicable to no other wireless carrier. Such limitations could impede the combined company's success in the marketplace and imperil the very growth in employment opportunities that benefit all concerned. As such, CWA's requested conditions have no basis in law or fact and are contrary to the public interest.²³

For the reasons described above and in their earlier pleadings, the Applicants urge the Commission promptly to grant the license transfer applications and reject the unwarranted conditions proposed by CWA. Please direct any questions regarding this filing to the undersigned counsel for DT/T-Mobile USA and MetroPCS.

Respectfully submitted,

/s/ Nancy J. Victory

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Counsel for Deutsche Telekom AG and T-Mobile USA, Inc.

/s/ Carl W. Northrop

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David Hu
Kathy Harris
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Jim Bird

²³ See Joint Opposition of Deutsche Telekom AG, T-Mobile USA, Inc. and MetroPCS Communications Inc., WT Docket No. 12-301 (filed Dec. 6, 2012); Applicants Feb. 21, 2013 *Ex Parte*. Moreover, as indicated in the earlier responsive filings by the Applicants, CWA has cited no legal authority for the proposition that the public interest would be served by the type of conditions sought by CWA. In a highly competitive retail market, a government-imposed mandate that would freeze a company's personnel structure would be a recipe for disaster.

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**DECLARATION OF PETER EWENS
Chief Strategy Officer, T-Mobile USA, Inc.**

1. My name is Peter Ewens and I currently serve as the Chief Strategy Officer for T-Mobile USA, Inc. (“T-Mobile USA”). I have been at T-Mobile USA since 2008. I hold undergraduate and graduate degrees in engineering from the University of Toronto, and I earned a master’s of science in business administration from MIT’s Sloan School of Management.

2. I am familiar with the synergies model submitted by Deutsche Telekom AG and T-Mobile USA in response to the Federal Communications Commission’s December 20, 2012 Request for Information (“Information Request”). I am also familiar with the synergies documents cited in the March 4, 2013 *ex parte* filing by the Communications Workers of America (“CWA”) in WT Docket No. 12-301.

3. There are two references in the synergies model to anticipated position reductions post-transaction. The synergies model assumes anticipated position reductions occurring immediately post-closing of **[BEGIN TMUS HIGHLY CONFIDENTIAL]**

[END TMUS HIGHLY CONFIDENTIAL] based on estimated headcount and assumed cost per FTE at the time the synergies analysis was done. The synergies model also assumes additional position reductions of about **[BEGIN TMUS HIGHLY CONFIDENTIAL]**

[END TMUS HIGHLY CONFIDENTIAL], following the completion of network integration in 2015. T-Mobile USA believes this assumption is actually overstated and will more likely result in something like **[BEGIN TMUS HIGHLY CONFIDENTIAL]**

[END TMUS HIGHLY CONFIDENTIAL] position reductions, many of which will

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be handled through attrition or transfer. **[BEGIN TMUS HIGHLY CONFIDENTIAL]**

[END TMUS HIGHLY CONFIDENTIAL]

4. The other synergies figures identified by CWA do not contain a labor component and thus do not reflect any savings from job reductions.

I declare under penalty of perjury that the foregoing is true and correct. Executed on March 7, 2013.

/s/ Peter Ewens

Peter Ewens

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**DECLARATION OF DOUGLAS GLEN
Senior Vice President, Corporate Development, MetroPCS Communications, Inc.**

1. My name is Douglas Glen and I currently serve as the Senior Vice President, Corporate Development for MetroPCS Communications, Inc. (“MetroPCS”). I have been at MetroPCS since 2006, when I joined as the Senior Vice President, Corporate Operations. In each of my positions, I have been actively involved in crafting MetroPCS’ strategy, in evaluating potential strategic transactions and alternatives, including the purchase of spectrum, and in assessing strategic combinations or transactions with other wireless companies.

2. I am familiar with the document cited by CWA as purportedly showing (**BEGIN METROPCS HIGHLY CONFIDENTIAL**)

[END METROPCS HIGHLY

CONFIDENTIAL]). This document does not pertain to the transaction before the Commission.

Rather, it is a **[BEGIN METROPCS HIGHLY CONFIDENTIAL]**

[END METROPCS HIGHLY CONFIDENTIAL] The document, **[BEGIN METROPCS HIGHLY CONFIDENTIAL]**

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[END METROPCS

HIGHLY CONFIDENTIAL] Ultimately, this proposed deal structure was abandoned and the current transaction structure emerged. Accordingly, the document cited by CWA has no relevancy to the transaction before the Commission.

I declare under penalty of perjury that the foregoing is true and correct. Executed on March 6, 2013.

/s/ Douglas S. Glen

Douglas S. Glen