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August 17, 2011

United States House of Representatives
Washington, D.C. 20515

Dear Congressmember:

On June 24, 2011, you were one of several representatives who signed a letter (the "June 24th Letter") calling for increased deployment of advanced wireless broadband. That is a laudable goal, and worthy of strong support. Unfortunately, several signers were misled at the time by AT&T's false claim that it needed to acquire T-Mobile to provide wireless broadband coverage for 97 percent of the country's population.

Since you signed this letter, new facts that contradict AT&T's claims about this acquisition's benefits have surfaced. Last week the unintentional public posting of documents AT&T had filed with the Federal Communications Commission and subsequent press reports revealed that the company could meet its rural-deployment promise for just $3.8 billion[1] — one-tenth of the cost of the T-Mobile acquisition. The public now has the truth: AT&T can deliver 97 percent mobile broadband coverage without sacrificing an estimated 20,000 American jobs[2] and without reducing investment in the U.S. wireless market by more than $10 billion.

This horizontal merger's costs to the American economy and the wireless market are steep, and we now know the purported benefits are little more than smoke and mirrors. If it is approved, AT&T's merger would greatly diminish wireless competition; it would create a duopoly, with AT&T and Verizon controlling nearly 80 percent of the wireless market, leading to restricted consumer choice and higher monthly bills; and it would chill wireless innovation and investment.

In spite of all the evidence to the contrary, AT&T continues to assert that its $39 billion purchase of T-Mobile is necessary for the company to bring high-speed mobile broadband service to 97 percent of the country. The numbers don't add up. It's clear that AT&T is willing to pay a hefty premium to kill the competition. We also now know that AT&T has misled Congress with its promise of an $8 billion increase in capital investment. The real story, as AT&T has told Wall Street analysts and investors, is that the merged company would reduce overall network investment by more than $10 billion by eliminating the investment that a standalone T-Mobile would have otherwise made.[3] In addition to removing needed capital investment from the economy, this merger would decrease choice in the wireless market, increase consumers' wireless bills and eliminate tens of thousands of American jobs at a time of high unemployment.

For these reasons, we ask that you review the new data that emerged last week. We hope you will revise your recommendation to the Department of Justice and the FCC, and encourage those agencies to use the available data to weigh the impact this merger will have on jobs, innovation and investment.

We hope you will scrutinize all of the facts closely — including the dramatically lower cost for AT&T to build its own advanced network rather than pursue this harmful, horizontal merger — in considering whether this merger will truly serve the interests of the American people.

Very truly yours,

Joel Kelsey
Political Adviser

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[1] *See* Howard Buskirk, "AT&T Officials Saw 97 Percent LTE Coverage as Too Expensive, Prior to Proposed T-Mobile Buy," *Communications Daily*, Aug. 12, 2011.

[2] *See* "Why the AT&T-T-Mobile Deal is Bad For America," Free Press, July 2011. T-Mobile currently employs over 43,000 workers in the U.S., but the Communications Workers of America has stated that it expects to have a pool of only about 20,000 unionizable T-Mobile workers if this transaction is approved. During the last decade, as it grew its business through mergers and acquisitions, AT&T shed more than 100,000 jobs.

[3] *See* "AT&T + T-Mobile: A World-Class Platform for the Future of Mobile Broadband," Joint Presentation of AT&T and T-Mobile, March 21, 2011, p. 35 (revealing an expected savings of more than $10 billion in "avoided" capital investments). AT&T has indicated it plans to increase capital investment above *its own* current levels by $8 billion over six years if this transaction is approved. This figure fails to account for the more than $18 billion in routine capital investment that a standalone T-Mobile would have made during that time period. Together, this promised increase of $8 billion in AT&T investment, combined with the loss of $18 billion in standalone T-Mobile investment, will lead to the total reduction of $10 billion in U.S. wireless investment, which is one of the expected "synergies" AT&T is touting to Wall Street investors.