

5 Myths About AT&T's Takeover of T-Mobile

AT&T is selling its proposed \$39 billion takeover of T-Mobile to politicians in Washington and around the country using promises of better service, increased investment, more jobs and lower prices. But the facts tell a different story. The truth is the takeover of T-Mobile is nothing more than AT&T doing what it does best: asking the government for a handout to help it unfairly crush the competition. Here are the facts behind the top five myths AT&T is using to fool politicians and the public into supporting this disastrous merger.

1

Myth: This merger will create American jobs and increase investment.

Fact: More than 20,000 T-Mobile workers are expected to lose their jobs so AT&T can achieve post-merger "synergies."

AT&T insists this takeover is good for American workers because some of T-Mobile's employees will now be free to unionize. This is a benefit for those lucky enough to survive post-merger integration, but it doesn't offset the harm to the 20,000 other T-Mobile workers whom AT&T will fire. And despite AT&T's claims that it will increase investment, the company has told Wall Street it plans to cut investment by \$10 billion if the deal goes through.

2

Myth: Elimination of T-Mobile as a competitor doesn't matter because most Americans will still have other providers to choose from.

Fact: This merger will give AT&T and Verizon 80 percent of the market, and no other carrier has the spectrum or other advantages of these giants.

In any other industry, this much concentration between two companies would be unthinkable. The top two "too big to fail" U.S. banks collectively control only 20 percent of the U.S. market. In the wireless sector, smaller companies already struggle against AT&T and Verizon's dominance, and this merger will only make it harder for them to compete.

Myth: This merger will not increase prices.

3

Fact: AT&T uses misleading data to claim that past mergers led to price declines. But the facts show that consumers' monthly bills have increased even as wireless carriers' own costs to offer services have dropped sharply.

The truth is that mobile data users are paying more for wireless services as the market has consolidated, and AT&T and Verizon's elimination of unlimited data plans will only exacerbate this trend. Voice services are not getting cheaper, either, because carriers are forcing customers to buy more minutes than they will use.

Indeed, the data AT&T uses to justify its claim of declining prices actually show that the *per-minute* price of a cellphone call has declined, but this hides the fact that the total amount consumers pay each month has increased even as the carriers' costs have decreased. AT&T has told Wall Street it will increase the revenue it extracts from T-Mobile customers. The loss of a competitor means all consumers will see higher prices.

4

Myth: This merger is necessary to ensure rural Americans have access to next-generation mobile Internet.

Fact: Even if the deal is blocked, 97% of Americans will have 4G services available from at least two carriers by 2014.

AT&T told the FCC it would deploy 4G "HSPA+" services to 97 percent of the country even if the merger were blocked. Verizon's entire network will be 4G "LTE" capable by 2014. There is not a single American who needs this merger to get 4G mobile services. AT&T now says it will stop its 4G "LTE" deployment at just 80 percent of the country. But would AT&T really cede this marketing advantage to Verizon? Of course not. It will make the minimal investment needed to have an all-LTE network even if the merger is blocked.

Myth: This merger is necessary to alleviate congestion on AT&T's network.

5

Fact: AT&T's claim of capacity issues is a sham because the company has vast spectrum holdings it doesn't even use.

The notion that AT&T must acquire T-Mobile to relieve network congestion is baseless, given that it is the only national wireless carrier that isn't using its next-generation spectrum holdings. AT&T's quality issues are not the result of shortage of spectrum, but of its own failure to make timely network investments. Instead of competing fairly in the free market, AT&T is asking the government to help it acquire more spectrum by killing off a competitor.