

August 5, 2011

**BY ECFS**

Marlene H. Dortch  
Office of the Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, D.C. 20554

Re: *In re Applications of AT&T Inc. and Deutsche Telekom AG for Consent To Assign or Transfer Control of Licenses and Authorizations*, WT Dkt No. 11-65  
**REDACTED -- FOR PUBLIC INSPECTION**

---

Dear Ms. Dortch:

On August 3, 2011, Mark Austin, William R. Drexel, William Hogg, Joan M. Marsh, James Meza III, Alain Ohana, and Jack S. Zinman of AT&T Inc. ("AT&T"); Maureen Jeffreys and Richard L. Rosen of Arnold & Porter LLP, David Lawson of Sidley Austin LLP, and David Fenichel and Hal Sider of Compass Lexecon, representing AT&T; Volker Stapper of Deutsche Telekom AG ("DT"); Thomas J. Sugrue of T-Mobile USA; Eric DeSilva and Thomas Dombrowsky of Wiley Rein LLP and Mark Nelson and Alex Sistla of Cleary Gottlieb Steen & Hamilton LLP, representing DT, met in person with Renata Hesse, the FCC's Senior Counsel to the Chairman for Transactions; Jim Bird and Joel Rabinovitz of the FCC's Office of the General Counsel; Shivani Bhatia, Patrick DeGraba, Chris Helzer, Pramesh Jobanputra, Rick Kaplan, Eliot Maenner, Charles Mathias, Catherine Matraves, Paul Murray, Tom Peters, Arun Ramaswamy, James Schlichting, Sharif Shahrier, Ziad Sleem, Peter Trachtenberg, Thuy Tran, and Melissa Tye of the FCC's Wireless Telecommunications Bureau; and Paul de Sa and Paul Lafontaine of the FCC's Office of Strategic Planning and Policy Analysis. Neil Dellar of the FCC's Office of General Counsel; Chelsea Fallon and Susan Singer of the FCC's Wireless Telecommunications Bureau; and Gregory Rosston of the FCC's Office of Strategic Planning, attended by telephone.

Marlene H. Dortch, Esq.  
August 5, 2011  
Page 2

The purpose of the meeting was to discuss an Engineering Analysis that Applicants filed on July 25, 2011 in this docket<sup>1</sup> on the synergies that will result from this transaction. The presentation by AT&T and DT was based on the attached slide deck.

In accordance with the Protective Order and Second Protective Order in the above-referenced proceeding,<sup>2</sup> enclosed please find two redacted copies of the slide deck. Unredacted Highly Confidential paper copies are being delivered today to Kathy Harris of the Wireless Telecommunications Bureau or her designee. A CD-ROM containing an unredacted Highly Confidential copy of the slide deck is being hand delivered to your office today under seal.

In accordance with Commission rules, this letter is being filed electronically with your office for inclusion in the public record.

If you have any questions or require further information, please contact me at 202-942-5769 or at [Scott.Feira@aporter.com](mailto:Scott.Feira@aporter.com). Thank you for your assistance.

Sincerely,

/s/ Scott Feira

Scott Feira  
Counsel for AT&T Inc.

---

<sup>1</sup> See Letter from Richard L. Rosen, Counsel for AT&T Inc. and Nancy Victory, Counsel for Deutsche Telekom AG, to Marlene H. Dortch, Secretary, FCC (July 25, 2011).

<sup>2</sup> *In re Applications of AT&T Inc. and Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses and Authorizations*, WT Dkt No. 11-65, Protective Order, DA 11-674 (WTB rel. Apr. 14, 2011) (“First Protective Order”); *In re Applications of AT&T Inc. and Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses and Authorizations*, WT Dkt No. 11-65, Second Protective Order (Revised), DA 11-1100 (WTB rel. June 22, 2011), *modified*, DA 11-1214 (WTB rel. July 19, 2011) (“Second Protective Order”).

Marlene H. Dortch, Esq.  
August 5, 2011  
Page 3

cc (via email):

Best Copy and Printing, Inc.

Arun Ramaswamy

Catherine Matraves

Charles Mathias

Chelsea Fallon

Chris Helzer

Eliot Maenner

Gregory Rosston

Jim Bird

Jim Schlichting

Joel Rabinovitz

Melissa Tye

Neil Dellar

Patrick DeGraba

Paul de Sa

Paul Lafontaine

Paul Murray

Peter Trachtenberg

Pramesh Jobanputra

Renata Hesse

Rick Kaplan

Sharif Shahrer

Susan Singer

Thuy Tran

Tom Peters

Ziad Sleem

Shivani Bhatia

AT&T Acquisition of T-Mobile  
**Engineering Analysis Overview**

August 3, 2011

# Overview

- Transaction achieves network efficiencies that will create new capacity
  - Relieves capacity constraints
  - Improves service quality
  - Expands output
- Engineering Analysis demonstrates network efficiencies will reduce relative marginal costs of capacity increases
  - Based on ordinary course network engineering approach
  - Conservative approach on key drivers

# Overview (cont'd)

- Engineering Analysis assesses cost of wireless network capacity enhancements needed to meet expected demand
  - Compares two scenarios for 15 study markets
    - T-Mobile USA and AT&T operating as separate networks
    - T-Mobile USA and AT&T combined as an integrated network
  - 
  - Key metric: change in marginal cost per subscriber
  - Input for Economic Analysis

REDACTED - FOR PUBLIC INSPECTION

# Forecast Demand

- 
- - Subscriber base growth rate
  - Usage per subscriber
  - Allocation and migration of subscribers among GSM, UMTS, and LTE
    -



# Key Inputs for Demand Forecast

# Determine Capacity Needs

- - Busy hour demand represents the peak load handled by installed capacity
- Busy hour demand derived from monthly demand
  - Computed with standard engineering formulas and observed conversion factors
-

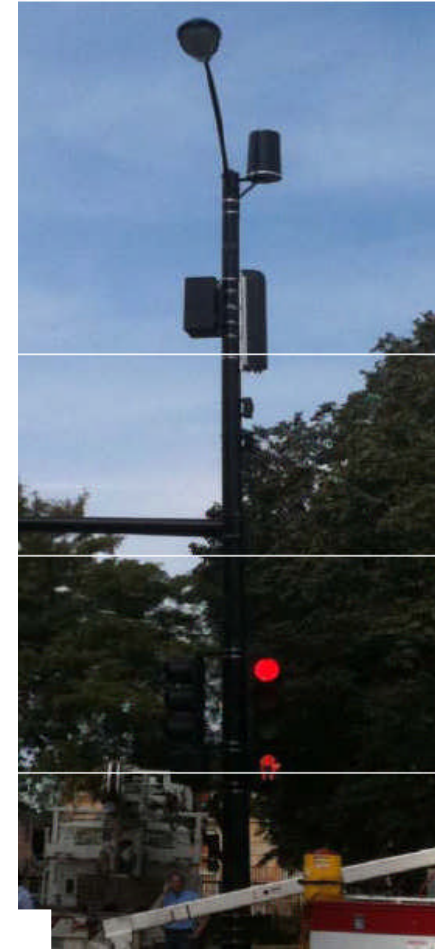
# Allocate Spectrum

# Determine Capacity Build Needs

# Determine Capacity Build Needs

# Determine Capacity Build Needs –

# Determine Capacity Build Needs –



REDACTED - FOR PUBLIC INSPECTION

# Basis for Costs for Capacity Enhancements

- 
- Reviewed actual costs of capacity enhancement projects
-



# Costs of Capacity Enhancements

REDACTED - FOR PUBLIC INSPECTION

# Marginal Cost Reduction

- Total incremental capacity costs converted to marginal cost per subscriber
- Comparing marginal cost per subscriber of stand-alone entities to combined entity
- Result: significant marginal cost savings

REDACTED - FOR PUBLIC INSPECTION