

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of)

Applications of AT&T Inc. and)
Deutsche Telekom AG Inc. for)
Consent to Transfer Control of the Licenses and)
Authorizations held by T-Mobile USA, Inc. and)
Its Subsidiaries)

WT Docket No. 11-65

EIGHTH SUPPLEMENTAL RESPONSE OF AT&T INC.
TO INFORMATION AND DISCOVERY REQUEST DATED MAY 27, 2011,
TO SUPPLEMENTAL REQUEST FOR INFORMATION DATED JUNE 27, 2011,
AND TO FURTHER REQUEST FOR INFORMATION DATED OCTOBER 13, 2011

October 31, 2011

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Introduction

AT&T Inc. (“AT&T”) provides this eighth supplemental response (the “Eighth Supplemental Response”) to the letter dated May 27, 2011, from Ruth Milkman, then Chief of the Wireless Telecommunications Bureau of the Federal Communications Commission (the “FCC” or the “Commission”), and the attached Information and Discovery Request for AT&T, Inc. (collectively, the “Request”), to the Supplemental Request for Information dated June 27, 2011, from Rick Kaplan, current Chief of the Wireless Telecommunications Bureau of the FCC (the “Supplemental Request”), and to the further requests for information contained in the letter from Mr. Kaplan dated October 13, 2011 (the “October 13 Request”).

AT&T (sometimes referred to in the Request as the “Company” as defined therein) incorporates by reference additional information from its June 10, 2011 Response (“Response”), July 7, 2011 Supplemental Response (“Supplemental Response”), July 19, 2011 Second Supplemental Response (“Second Supplemental Response”), July 27, 2011 Third Supplemental Response (“Third Supplemental Response”), August 9, 2011 Fourth Supplemental Response (“Fourth Supplemental Response”), August 19, 2011 Fifth Supplemental Response (“Fifth Supplemental Response”), August 25, 2011 Sixth Supplemental Response (“Sixth Supplemental Response”), and August 26, 2011 Seventh Supplemental Response (“Seventh Supplemental Response”) including the defined terms, information and qualifications included therein.

Where a request seeks charts, spreadsheets or similar graphic or tabular information, or specific documents, responsive information is provided in exhibits to the Eighth Supplemental

REDACTED – FOR PUBLIC INSPECTION

Response, numbered with reference to the specific request (e.g., Exhibit 36-2 provides supplemental information responsive to Request No. 36). An Eighth Supplemental Index of Exhibits is appended as Exhibit B.8.

The Request, Supplemental Request, and October 13 Request call for AT&T to submit certain information and documents that are extremely sensitive from a commercial, competitive, and financial perspective, and that AT&T would not reveal in the ordinary course of business to the public or its competitors. AT&T is submitting information and documents on a confidential and highly confidential basis pursuant to the Protective Order issued on April 14, 2011, and the Second Protective Order, issued on April 27, 2011, and amended on June 9, 2011 and July 19, 2011, in place in WT Docket No. 11-65. The inadvertent inclusion of any material that is subject to an assertion of the attorney-client, attorney work-product or other applicable privilege is not intended as a waiver of such privilege.

AT&T has redacted confidential information in the Eighth Supplemental Response (as reflected where marked “[**Begin Confidential Information**] [] [**End Confidential Information**]”) and highly confidential information in, and exhibits to, the Eighth Supplemental Response (as reflected where marked “[**Begin Highly Confidential Information**] [] [**End Highly Confidential Information**]”). The redacted Eighth Supplemental Response is marked, “**REDACTED – FOR PUBLIC INSPECTION,**” and is being filed electronically in the Commission’s Electronic Comment Filing System (“ECFS”). The highly confidential, unredacted Eighth Supplemental Response is marked, “**HIGHLY CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION – ADDITIONAL COPYING PROHIBITED,**” and is being delivered to the Secretary. Additional copies of the

unredacted Eighth Supplemental Response are being delivered as instructed in the original Request.

In accordance with the Request, the Supplemental Request, the Protective Order, and the Second Protective Order, as amended, unredacted copies of highly confidential documents are marked “**HIGHLY CONFIDENTIAL INFORMATION – SUBJECT TO SECOND PROTECTIVE ORDER IN WT DOCKET NO. 11-65 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION – ADDITIONAL COPYING PROHIBITED**”; unredacted copies of confidential documents are marked “**CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**”; and redacted copies of highly confidential and confidential documents are marked “**REDACTED – FOR PUBLIC INSPECTION.**” Pursuant to the Request and Supplemental Request, both the redacted and unredacted versions of confidential and highly confidential documents are being delivered to Kathy Harris of the Wireless Telecommunications Bureau.

RESPONSES

36. REQUEST:

On page 54 of the Public Interest Statement, the Applicants state that the Proposed Transaction will create thousands of jobs. Provide all plans, analyses, and reports discussing the creation or loss of jobs if the Proposed Transaction were to be consummated.

In the October 13 Request, the Commission has requested that AT&T supplement its previous submissions with the following additional information:

OCTOBER 13 REQUEST 1(a):

All analyses, reports, data or other documents in AT&T's possession, custody or control that analyze the size and location of AT&T's workforce both before and as anticipated after the merger. This would include, among all other responsive documents, (i) any documents enumerating the number of T-Mobile and AT&T jobs that will be eliminated or added should the merger be approved, and the effect of the proposed transaction on employment both inside and outside the United States; (ii) on an annual basis for the past five years and estimated for the next three years (without the merger), the number of AT&T wireless full-time employees ("FTEs") and, separately, wireless call center FTEs within and outside the United States, broken down by employment location and type of employee (direct or outsourced); and (iii) the "detailed analysis focused specifically on identifying opportunities with the T-Mobile merger to bring good-paying wireless call center jobs back to the United States" that AT&T stated it had developed.

RESPONSE:

To respond to this request, AT&T searched the files within the Company reasonably believed to contain the information sought. Documents responsive to this request are included in Exhibits 36-2, 36-3, and 36-4, submitted herewith. Additional responsive materials are expected to be produced in a supplement this week. With respect to part (i) of this request, responsive documents are included in Exhibit 36-2. With respect to part (ii) of this request, responsive documents are included in Exhibit 36-3, and *see* FCC-ATT-00056642 and FCC-ATT-00057250

[Begin Highly Confidential Information]

[End Highly Confidential Information] With respect to part (iii) of this request, responsive documents are included in Exhibit 36-4, and *see* AT&T's response to October 13 Request 3 below.

OCTOBER 13 REQUEST 2:

Please also provide all documents (including but not limited to plans, analyses and reports) created within the past five years that analyze or describe AT&T's strategy or policies with respect to the location of call center jobs. To the extent that AT&T intends the Commission to consider AT&T's recent call center commitment as part

of its public interest analysis, please discuss the relationship between this commitment and the transaction both generally and in view of AT&T's prior non-merger-related announcements concerning call center job repatriation.

RESPONSE:

To respond to this request, AT&T searched the files within the Company reasonably believed to contain the information sought. Documents responsive to this request are included in Exhibit 36-5, submitted herewith. Additional responsive materials are expected to be produced in a supplement this week. Please *see* AT&T's answer to October 13 Request 3 below for a discussion of the Company's call center commitments regarding the instant transaction and its prior announcements related to job repatriation.

OCTOBER 13 REQUEST 3:

Please quantify the portion of the estimated cost synergies resulting from the proposed transaction that arises from payroll reductions or other job-related savings.

RESPONSE:

As part of its response to the May 27 Request, AT&T previously provided the Commission with a copy of the **[Begin Highly Confidential Information]**

[End Highly Confidential Information], also known as the synergy model, that AT&T used to estimate the cost synergies that it expects to achieve in connection with its acquisition of T-Mobile USA, Inc. (T-Mobile) from Deutsche Telekom, AG (Deutsche Telekom).¹ Among other things, the synergy model contains **[Begin Highly Confidential Information]**

¹ See Exhibit 26-1 at FCC-ATT-00033945.

[End

Highly Confidential Information]

Because the cost synergies associated with the transaction are dependent in significant part on the extent of potential divestitures (including personnel as well as spectrum licenses and network assets) that are unknown at this time, it is not currently possible for AT&T to provide a precise quantification of the portion of the synergies that will be related to payroll reductions or other job-related savings. Nonetheless, AT&T estimates that payroll and other job-related savings account for a range of approximately **[Begin Highly Confidential Information]**

[End Highly Confidential Information] of the total synergies associated with the transaction.⁴

Importantly, although the synergy model provides estimates of the **[Begin Highly Confidential Information]** **[End Highly Confidential Information]**, it does not specify the particular *means* by which AT&T

² See Exhibit 26-1 at FCC-ATT-00033945 **[Begin Highly Confidential Information]**
[End Highly Confidential Information]

³ See Exhibit 26-1 at FCC-ATT-00033945 **[Begin Highly Confidential Information]**
[End Highly Confidential Information]

⁴ **[Begin Highly Confidential Information]**

Highly Confidential Information]

[End

will achieve those **[Begin Highly Confidential Information]** **[End Highly Confidential Information]** As AT&T has previously explained, the synergy model is not a detailed merger integration plan for the two companies and it does not identify any particular employees, stores or call centers.⁵ To prepare such a plan, AT&T would need detailed information about T-Mobile's staffing levels and employment practices, which is not currently available to AT&T.⁶ Such an integration plan would also need to account for any merger-related commitments or conditions, including any divestitures as well as the following job-related commitments that AT&T made after the synergy model was created:⁷

Domestic Call Center Jobs.⁸ AT&T has committed that the merger will not result in any job losses for U.S.-based wireless call center employees of T-Mobile or AT&T who are on the payroll when the merger closes. Although the exact number of call center employees working for AT&T and T-Mobile on the merger closing date cannot be predicted with precision today, AT&T estimates that this commitment will likely apply to over 20,000 employees of the combined company.

Repatriation of 5,000 Internationally Outsourced Jobs.⁹ AT&T has committed that it will bring back 5,000 wireless call center jobs to the U.S. that today are outsourced to other countries.

⁵ See Letter from Robert Quinn, AT&T, to Marlene Dortch, FCC, WT Docket No. 11-65, at 2 n.8 (Oct. 13, 2011) (AT&T October 13 Letter).

⁶ See AT&T October 13 Letter at 3 n.13.

⁷ As AT&T previously explained, certain political interest groups have completely ignored these commitments, as well as other important facts, while making erroneous assertions about the merger's impact on employment in the U.S. See AT&T October Letter at 2-6. For its part, Sprint has now begun parroting these same erroneous assertions, which are baseless for all of the reasons AT&T identified in its earlier submission. See Letter from Regina Keeney, Counsel for Sprint, to Marlene Dortch, FCC, WT Docket No. 11-65 (Oct. 26, 2011).

⁸ See AT&T October 13 Letter at 3.

⁹ See AT&T October 13 Letter at 2.

Job Offer Guarantee.¹⁰ AT&T has committed to provide a job offer guarantee to existing T-Mobile non-management employees. Pursuant to this commitment, T-Mobile non-management employees whose job functions are no longer required because of the merger will be offered another position in the combined company.

As noted above, AT&T does not presently have sufficient information about T-Mobile's company-wide staffing levels and employment practices to know precisely how these commitments will be implemented in all areas of the combined company. However, AT&T has been able to perform a detailed analysis with respect to the expected wireless call center staffing levels that it anticipates the combined company will need when the transaction is completed. AT&T developed this detailed analysis in conjunction with its announcement on August 31, 2011, of the first two job-related commitments discussed above.¹¹ As part of that analysis, AT&T examined the wireless call center resources currently being used by both itself and T-Mobile, which include domestic call center employees of the two companies, domestic outsourced call center resources, and international outsourced call center resources.¹²

As described in FCC-ATT-00056629, AT&T's analysis shows that AT&T and T-Mobile both rely significantly on international outsourced wireless call center resources today. Consistent with its prior guidance on how it intends to achieve the appropriate post-merger

¹⁰ See AT&T October 13 Letter at 3.

¹¹ See *AT&T to Bring 5,000 Call Center Jobs Back to U.S. Following T-Mobile Merger Closing*, AT&T Press Release (Aug. 31, 2011) (AT&T Press Release). Following the announcement of the merger, AT&T personnel drafted a variety of call center documents in order to develop a range of potential staffing scenarios based on the then-available data. AT&T is producing these documents in response to the Bureau's request. However, the detailed analysis supporting the job-related commitments announced on August 31, 2011, is contained in FCC-ATT-00056629 and FCC-ATT-00056644, which are discussed at length below.

¹² AT&T developed this analysis in August 2011 prior to announcing the first two commitments listed above. AT&T subsequently learned that T-Mobile had fewer call center resources than are reflected in the analysis. AT&T also learned that a relatively small number of AT&T call center resources had been inadvertently excluded from the analysis. FCC-ATT-00056629 (handwritten notes), FCC-ATT-00056630. Because these subsequent discoveries are largely offsetting, their net effect is a change of less than one percent in the total combined call center resources of AT&T and T-Mobile, which does not have a material effect on the analysis. *Id.*

wireless call center staffing levels to support the combined company, AT&T will focus on reductions in international outsourced call center resources before considering reductions in domestic call center operations. As AT&T Chairman and CEO Randall Stephenson explained in congressional testimony earlier this year: “[B]oth of us have a large labor force that has been outsourced, a lot of them out of the country. Our commitment has always been if we have to go down in redundancies, we go down there first and not in the United States.”¹³

In fact, as shown in FCC-ATT-00056644, AT&T expects that there will be a net gain in U.S. wireless call center workers post-merger based on the projected staffing needs of the combined company. To achieve its desired call center synergies, the combined company will rely predominantly on reductions in internationally outsourced wireless call center resources. This enables AT&T to commit that there will be no job losses for AT&T or T-Mobile wireless call center employees in the U.S. who are on the payroll of either company when the merger closes.¹⁴ While AT&T anticipates some reduction in its use of domestic outsourced wireless call center resources,¹⁵ AT&T expects that this reduction will be more than offset by AT&T’s commitment to add 5,000 new U.S.-based call center employees to the payroll of the combined

¹³ See Hearing Before the Subcommittee on Intellectual Property, Competition, and the Internet of the Committee on the Judiciary, House of Representatives, *How Will the Proposed Merger Between AT&T and T-Mobile Affect Wireless Telecommunications Competition*, Serial No. 112-45, Testimony of Randall L. Stephenson, Chairman and CEO, AT&T, at 178 (May 26, 2011) at http://judiciary.house.gov/hearings/printers/112th/112-45_66543.PDF.

¹⁴ FCC-ATT-00056629. Because call center staffing levels typically fluctuate up and down from month to month in the normal course of business, the exact number of call center resources in use by the combined company at merger closing is likely to differ somewhat from the August 2011 analysis. The occurrence of these fluctuations does not change the substantive job-related commitments described above.

¹⁵ FCC-ATT-00056629. In situations where a wireless call center client gradually phases down its staffing needs over a period of time, which AT&T plans to do in this case, wireless call center vendors may choose to rely on attrition to manage call center staffing levels. In addition, some of the wireless call center vendors used by AT&T and T-Mobile may support multiple clients out of a single call center. Thus, these vendors may choose to redeploy redundant call center resources to meet the needs of other clients.

company.¹⁶

As highlighted in the Bureau's letter,¹⁷ AT&T has a proven track record of satisfying its job in-sourcing commitments. For example, in partnership with the CWA, AT&T announced in September 2006 that it would add 2,000 DSL customer support jobs to the AT&T payroll that were previously outsourced both domestically and internationally.¹⁸ And in December 2006, AT&T separately committed in the AT&T-BellSouth merger proceeding that it would repatriate 3,000 jobs that had been outsourced internationally by BellSouth.¹⁹ AT&T successfully completed the in-sourcing of all 5,000 jobs,²⁰ which it dedicated to supporting its wireline operations. Based on its experience satisfying these prior commitments, AT&T is confident that it will likewise be fully successful in satisfying its job commitments related to the acquisition of T-Mobile.

But AT&T's job-related commitments are just one part of the reason that this merger is in this nation's economic interest. AT&T's LTE commitment will trigger even larger spillover effects for the economy as a whole, adding many thousands of new jobs in the process.

¹⁶ See AT&T Press Release. The planned addition of these 5,000 jobs to the combined company's payroll is reflected in FCC-ATT-00056644, which was prepared on August 31, 2011, and updates the data in FCC-ATT-00056629.

¹⁷ Letter from Rick Kaplan, FCC, to Richard Rosen, Counsel for AT&T, WT Docket No. 11-65, at 2 n.2 (Oct. 13, 2011) (Bureau Letter).

¹⁸ See *AT&T to Bring 2,000 Outsourced Jobs In-House*, AT&T Press Release (Sept. 21, 2006) ("These jobs – which have been outsourced both domestically and overseas – are related to supporting AT&T's DSL customers who self-install their service or have other basic questions about the service.").

¹⁹ See *AT&T Inc. and BellSouth Corporation Application for Transfer of Control*, WC Docket No. 06-74, Memorandum Opinion and Order, FCC 06-189, Appendix F (March 26, 2007). In addition to the announcements regarding these 5,000 jobs, the Bureau also cites a newspaper article and an AT&T press release regarding the placement of 175 jobs in Arkansas and 350 jobs in Las Vegas, respectively. Bureau Letter at 2 n.2. As noted in the newspaper article and the press release, these jobs are part of the total 5,000 jobs discussed above.

²⁰ See Letter from Jacquelyne Flemming, AT&T, to Marlene Dortch, FCC, WC Docket No. 06-74 (Feb. 5, 2009) (attaching certification of AT&T's compliance with, *inter alia*, its merger commitment regarding job repatriation); Randall L. Stephenson, Chairman and CEO, AT&T, Address to the Detroit Economic Club, (Sept. 29, 2009), at 8:02 (discussing AT&T's fulfillment of its commitment to in-source 5,000 jobs, the majority of which had previously been outsourced internationally), available at <http://www.c-spanvideo.org/program/289198-1>.

Specifically, AT&T has committed that, if this merger is approved, it will deploy LTE to more than 97 percent of Americans—approximately 55 million more Americans than under AT&T’s current plans.²¹ That unprecedented broadband-deployment commitment will help fulfill this Administration’s pledge to “connect[] every part of America to the digital age,”²² particularly in the small towns and rural communities that need broadband connectivity the most. And new wireless broadband deployment brings economic development, new business models, new companies, and new jobs.

This is not just AT&T’s opinion. Top policymakers throughout this Administration—from the President to Chairman Genachowski to the Commission itself—have all drawn the same conclusion that new broadband deployment will create hundreds of thousands of new jobs:

President Obama:

- “Few technological developments hold as much potential to enhance America’s economic competitiveness, create jobs, and improve the quality of our lives as wireless high-speed access to the Internet.”²³
- “Expanded wireless broadband access will trigger the creation of innovative new businesses, provide cost-effective connections in rural areas, increase productivity, improve public safety, and allow for the development of mobile telemedicine, telework, distance learning, and other new applications that will transform Americans’ lives.”²⁴

Chairman Genachowski:

- “[O]n these new wireless and wired high-speed Internet platforms, new broadband-enabled industries are growing and also creating and sustaining large numbers of jobs. A new Deloitte study estimates that investment in 4G mobile broadband

²¹ See Description of Transaction, Public Interest Showing, and Related Demonstrations, WT Docket No. 11-65, at 56 (April 21, 2011) (Public Interest Statement).

²² President Barack Obama, *State of the Union Address* (Jan. 25, 2011).

²³ Presidential Memorandum: Unleashing the Wireless Broadband Revolution, June 28, 2010, <http://www.whitehouse.gov/the-press-office/presidential-memorandum-unleashing-wireless-broadband-revolution>.

²⁴ Presidential Memorandum: Unleashing the Wireless Broadband Revolution, June 28, 2010, <http://www.whitehouse.gov/the-press-office/presidential-memorandum-unleashing-wireless-broadband-revolution>

networks, which is already underway, will not only add up to \$151 billion in GDP growth over the next four years; it will also create 771,000 new jobs.”²⁵

- “To make sure that the U.S. is getting a full and growing share of broadband-enabled jobs, we’ve got to get our broadband infrastructure right. In the digital age, broadband is our innovation infrastructure—our platform for economic growth and job creation.”²⁶

Federal Communications Commission:

- Additional wireless broadband investment will “provid[e] consumers with substantial benefits while also creating thousands of jobs,” with a particularly “substantial increase in jobs in rural America.”²⁷

Indeed, this Administration has made it a central priority to create growth and jobs by facilitating precisely the type of private broadband investment that AT&T will make if this merger is approved. Lawrence Summers, then head of the President’s National Economic Council, explained last year that “4G wireless technology promises to bring significant economic benefits in two broad categories.”²⁸ First, he noted, “the substantial capital expenditures associated with developing 4G networks will generate significant job creation. *Each dollar invested in wireless deployment is estimated to result in as much as \$7 to \$10 higher GDP.* With major American wireless firms spending \$10 billion and rising on these efforts, the benefits for job creation and job improvement are likely to be substantial.”²⁹ Second, he added, the wider “economic implications” of greater broadband deployment and adoption “are likely to be

²⁵ Remarks of FCC Chairman Julius Genachowski, U.S. Chamber of Commerce, Washington D.C., at 2 (Oct. 14, 2011) (*Genachowski Chamber Speech*); see also Remarks of FCC Chairman Julius Genachowski, *Jobs and the Broadband Economy*, Washington, DC, at 6 (Sept. 27, 2011).

²⁶ *Genachowski Chamber Speech* at 4.

²⁷ Second Report and Order, *Reexamination of Roaming Obligations of Commercial Mobile Radio Service Providers and Other Providers of Mobile Data Services*, FCC No. 11-52, WT Docket No. 05-265, at ¶ 30 n.107 (Apr. 7, 2011) (*Data Roaming Order*).

²⁸ Lawrence H. Summers, *Technological Opportunities, Job Creation, and Economic Growth*, Remarks at the New America Foundation on the President’s Spectrum Initiative (June 28, 2010), <http://www.whitehouse.gov/administration/eop/nec/speeches/technologicalopportunities-job-creation-economic-growth>.

²⁹ *Id.* (emphasis added).

profound. We may well have *entirely new categories of jobs* – just like those who knew about the Internet would never have predicted 800,000 jobs created by eBay and those who knew about smartphones would never have predicted the thriving industry in the creation of apps.”³⁰

The Deloitte study cited by Chairman Genachowski similarly explains that “[n]ew devices and services along with the improved capabilities of 4G networks and related technologies enhance commercial interactions—among people, organizations, and machines. As 4G deployment proceeds, it can permit more such interactions in ways that are more efficient and/or that involve greater value.”³¹ This virtuous cycle will “boost the number of jobs by stimulating demand and promoting the formation of new businesses, which in turn creates new employment opportunities.”³² Specifically, Deloitte states that “the estimated jobs multiplier for wireless broadband is 14.67. That is, an increase of \$1 million in wireless broadband investment results in roughly 15 new U.S. jobs.”³³ In Chairman Genachowski’s words, “broadband is . . . creating large numbers of jobs at different skill levels, and all over the country.”³⁴

The job-creation benefits of AT&T’s 97% LTE commitment will be particularly pronounced in rural communities. As Chairman Genachowski has explained, “18 million

³⁰ *Id.* (emphasis added).

³¹ Deloitte, *The Impact of 4G Technology on Commercial Interactions, Economic Growth, and U.S. Competitiveness* at 2 (2011), http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/TMT_us_tmt/us_tmt_impactof4g_081911.pdf.

³² Deloitte, *The Impact of 4G Technology on Commercial Interactions, Economic Growth, and U.S. Competitiveness* at 2; see also Robert D. Atkinson et al., Info. Tech. & Innovation Found., *The Digital Road to Recovery: A Stimulus Plan to Create Jobs, Boost Productivity and Revitalize America* at 8 (2009), <http://www.itif.org/files/roadtorecovery.pdf> (“The network effect as it pertains to broadband is not simply about the value of the network increasing as more people join the network; it is also that by providing an architecture for the seamless and instantaneous creation, distribution, and consumption of information, it enables forms of commerce on a national and global scale previously impossible, transforming whole industries from retailing, to financial services, to manufacturing.”).

³³ Deloitte, *The Impact of 4G Technology on Commercial Interactions, Economic Growth, and U.S. Competitiveness* at 7.

³⁴ Remarks of FCC Chairman Julius Genachowski, U.S. Chamber of Commerce, Washington, DC, at 3 (Oct. 14, 2011).

Americans live in areas with no broadband infrastructure” whatsoever,³⁵ and “communities and businesses without the most up-to-date advanced telecommunications infrastructure will likely suffer economically and socially.”³⁶ But many studies—including one submitted by a merger opponent and relied upon by the Commission—“find that there could be a substantial increase in jobs in rural America that would result from increased broadband deployment.”³⁷ The Deloitte study similarly finds that “the extension of advanced mobile communications could cause an increase in the number of businesses retained, relocated, and started in rural communities. Allowing rural markets to participate in the enhancement of commercial interactions that 4G networks enable could help stimulate economic growth and new job creation that would not have happened without the new infrastructure.”³⁸

As such studies show, broadband investment will stimulate rural economic growth in several long-term respects, even beyond the immediate jobs created by deploying the new infrastructure.³⁹ “For rural businesses, broadband enables both cost savings and increased revenue potential. Cost savings come through such things as increased worker productivity, reduced marketing costs, and access to a more robust supplier network. Increased revenues are

³⁵ FCC Chairman Julius Genachowski, Remarks on Broadband Adoption, Washington, DC, at 1 (Oct. 12, 2011).

³⁶ See Lori A. Dickes et al., *The Struggle for Broadband in Rural America*, Choices: The Magazine of Food, Farm, and Resources Issues (2010), <http://www.choicesmagazine.org/magazine/article.php?article=156>.

³⁷ *Data Roaming Order*, ¶ 30 n.107 (citing Raul Katz, et al., Economic Impact of Wireless Broadband in Rural America, attached to Letter from Rebecca Murphy Thomas, RCA, to Marlene H. Dortch, FCC, WT Docket No. 05-265 (Feb. 24, 2011)).

³⁸ Deloitte, *The Impact of 4G Technology on Commercial Interactions, Economic Growth, and U.S. Competitiveness* at 15.

³⁹ As AT&T has previously informed the Commission, it plans to make an additional investment of more than \$8 billion to integrate the two companies’ networks and expand LTE coverage to an additional 55 million Americans, many of whom are located in rural areas. Joint Opposition of AT&T, Inc., Deutsche Telekom AG, and T-Mobile USA, Inc. to Petitions to Deny and Reply to Comments, WT Docket No. 11-65, at 83-84 (June 10, 2011). The Economic Policy Institute published an analysis of the job-creating effects of this investment, estimating that it will result in approximately 55,000-96,000 new jobs. *Id.* at 85 (citing Economic Policy Institute, *The Jobs Impact of Telecom Investment*, Policy Memorandum #18 (May 31, 2011), <http://www.epi.org/publications/entry/7127/>).

generated through access to larger and potentially global markets, better exposure to marketing channels, more efficient customer relations, and the ability to make secure transactions virtually anytime the purchaser desires.”⁴⁰ Just as important, the high speeds and low latency permitted by LTE technologies will help rural residents tap into the power of cloud computing, which brings the massive computational capabilities of Internet server farms to handheld wireless devices, thus enabling new innovative applications and services for telemedicine, distance learning, public safety, gaming and entertainment, and many other areas.⁴¹ As Chairman Genachowski explained, “[c]loud computing is about to take the productivity-enhancing benefits of the broadband Internet to the next level.”⁴²

AT&T’s LTE commitment will also bring special benefits to America’s underprivileged and minority communities. According to numerous studies, “wireless is the only broadband technology for which minority adoption and use currently indexes at higher levels than for White Americans.”⁴³ As Commissioner Clyburn has observed, the African American and Hispanic communities have “excelled” in their adoption of mobile broadband services, and both groups “take advantage of a much wider array of their phones’ data functions than their white counterparts.”⁴⁴ AT&T’s LTE initiative will thus be a key part of keeping these and other minority groups on the leading edge of the broadband revolution. Because LTE technology, unlike its predecessors, operates on a par with some of today’s wireline broadband platforms,

⁴⁰ Dickes, *The Struggle for Broadband in Rural America*.

⁴¹ See Declaration of John Donovan, AT&T Chief Technology Officer, WT Docket No. 11-65, at ¶¶ 8, 30-32 (April 21, 2011).

⁴² *Genachowski Chamber Speech* at 3.

⁴³ Comments of the National Organizations, GN Docket No. 09-191, at 9-12 (Jan. 14, 2010); see, e.g., John Horrigan, *Pew Internet & American Life Project: Wireless Internet Use*, at 4 (July 2009), <http://www.pewinternet.org/~media/Files/Reports/2009/Wireless-Internet-Use-With-Topline.pdf>.

⁴⁴ Remarks of FCC Commissioner Mignon L. Clyburn, National Conference for Media Reform, Boston, MA (Apr. 8, 2011).

LTE can play a particularly important role in the advancement of these communities of color, facilitating their access to the on-line educational and employment-training opportunities they need to succeed in today's competitive labor market.

Finally, any evaluation of the merger's impact on jobs must take into consideration the significant challenges T-Mobile faces going forward. As AT&T has previously explained, T-Mobile has been consistently losing customers: 318,000 net contract subscribers lost in 2010 and another 663,000 net contract customers lost in the first six months of 2011.⁴⁵ These subscriber losses come at a time when many other competitors are deploying next-generation LTE networks and services. As Deutsche Telekom Senior Vice President Thorsten Langheim explained, "While other competitors are quickly moving to build out and develop their LTE networks, T-Mobile USA lacks a clear path to deployment of LTE" because it "does not have access to the spectrum needed to deploy LTE in an economically and technically sustainable fashion."⁴⁶ To add to these challenges, T-Mobile's parent, Deutsche Telekom, is focusing its capital budget on its European operations and has stated that T-Mobile must "fund its future itself."⁴⁷ In light of these challenges, there can be no assurances that T-Mobile would be able to maintain its current staffing levels in the future as a stand-alone company. Nor, for that matter, can there be any assurances about future staffing levels at AT&T absent the merger, particularly given the serious network capacity constraints AT&T is facing and the challenges those

⁴⁵ *T-Mobile USA Reports Second Quarter of 2011 Results*, T-Mobile USA Press Release, at 10 (Aug. 4, 2011).

⁴⁶ Declaration of Thorsten Langheim, Deutsche Telekom, AG, WT Docket No. 11-65, ¶¶ 11-12 (April 21, 2011).

⁴⁷ Deutsche Telekom–T-Mobile USA Investor Briefing, at 4 (Jan. 20, 2011), http://www.telekom.com/dtag/cms/contentblob/dt/de/979192/blobBinary/transcript_20012011.pdf (Deutsche Telekom CEO Rene Obermann).

constraints will pose for delivering high-quality services to consumers.⁴⁸

Thus, when evaluating whether the merger will result in a “net increase of jobs within the territorial United States,”⁴⁹ the proper comparison is not between the *status quo* today and a post-merger environment in the future. Rather, the proper comparison is between two potential future environments: one with AT&T and T-Mobile as stand-alone providers struggling with all of the difficult challenges noted above, and the other with AT&T and T-Mobile as a merged company implementing their job-related commitments, investing billions of dollars to bring LTE to more than 97 percent of the population, and creating thousands of jobs in the process. Viewed in that light, the merger is unquestionably a significant net positive for the U.S. economy and should be promptly approved.

45. REQUEST:

To the extent not already provided, provide all documents cited in the Public Interest Statement and the attached declarations, and any data, documents or analyses provided to, reviewed by, or relied upon in preparing those declarations, grouped by declaration/Public Interest Statement.

RESPONSE:

In response to Specification 45, AT&T is providing Exhibit 45-1.14, containing two additional Highly Confidential documents relied upon in connection with the Reply Declaration of Robert D. Willig, Jonathan M. Orszag and Jay Ezrielev submitted in connection with the Joint

⁴⁸ See Public Interest Statement at 28; Chairman Julius Genachowski, Remarks at CTIA Wireless 2011, at 9 (March 22, 2011) (“If we do nothing in the face of the looming spectrum crunch, many consumers will face higher prices—as the market is forced to respond to supply and demand—and frustrating service—connections that drop, apps that run unreliably or too slowly. The result will be downward pressure on consumer use of wireless service, and a slowing down of innovation and investment in the space.”).

⁴⁹ Bureau Letter at 1.

Opposition of AT&T, Inc., Deutsche Telekom AG, and T-Mobile USA, Inc. to Petitions to Deny
and Reply to Comments, filed June 10, 2011.