

**Rethink Possible**



**Mobile  
Broadband  
Technology:  
*The Infrastructure  
for Wisconsin's  
Future***



# AT&T and T-Mobile Acquisition

On March 20, 2011, AT&T announced plans to acquire T-Mobile USA from German-owned Deutsche Telekom, creating a world-class technology platform in mobile broadband and wireless services in the U.S.


## The Acquisition Addresses America's Spectrum Exhaust Challenges

*Driven by explosive growth for mobile broadband, the U.S. faces spectrum constraints*

- **Spectrum** is the range of airwave frequencies that enable everything from broadcast television to cell phones to mobile broadband, and even baby monitors.
- The growth of airwave-dependent devices like smartphones and tablet computers has been unprecedented. According the FCC's staff "mobile data demand will exceed available capacity by 2013."
- AT&T's mobile data traffic grew 8000% over the past four years, and by 2015 is expected to be 8-10 times what it was in 2010.

## A Fast, Efficient and Certain Solution

The combination of T-Mobile's and AT&T's technologically compatible networks offers a **fast, efficient and certain solution to meet consumer demand for mobile broadband**, improve service, and help drive growth and investment in U.S. mobile broadband networks.



"I believe that the biggest threat to the future of mobile in America is the looming spectrum crisis."

Julius Genachowski,  
FCC Chairman



# The Acquisition Will Create Significant Consumer Benefits



## 1. Expanded 4G LTE to over 97% of U.S. population

- 55 million more people will have access to AT&T's LTE service – more than the combined populations of New York and Texas
- 4G means that mobile devices can be as fast or faster than wired laptops
- Greater access, lower latency, and faster wireless broadband connection speeds to meet growing consumer demand for mobile broadband

## 2. Improved voice and data service

- Increased spectrum efficiencies, combined with additional network capacity and output will deliver better voice quality, better coverage and faster data speeds

## 3. An additional \$8 billion of private infrastructure investment

- New jobs will be created when the planned network expansion gets underway

## 4. Investment and better mobile broadband access in rural communities

- Billions invested in rural America that can improve economic competitiveness and stimulate additional investment and job creation

## 5. Access for 34 million T-Mobile customers to nationwide, robust 4G LTE

- T-Mobile USA does not have a clear path to delivering 4G LTE

## 6. America's largest wireless unionized workforce

- AT&T is the only major U.S. wireless company with a union workforce, offering leading wages, benefits, training and development for employees.

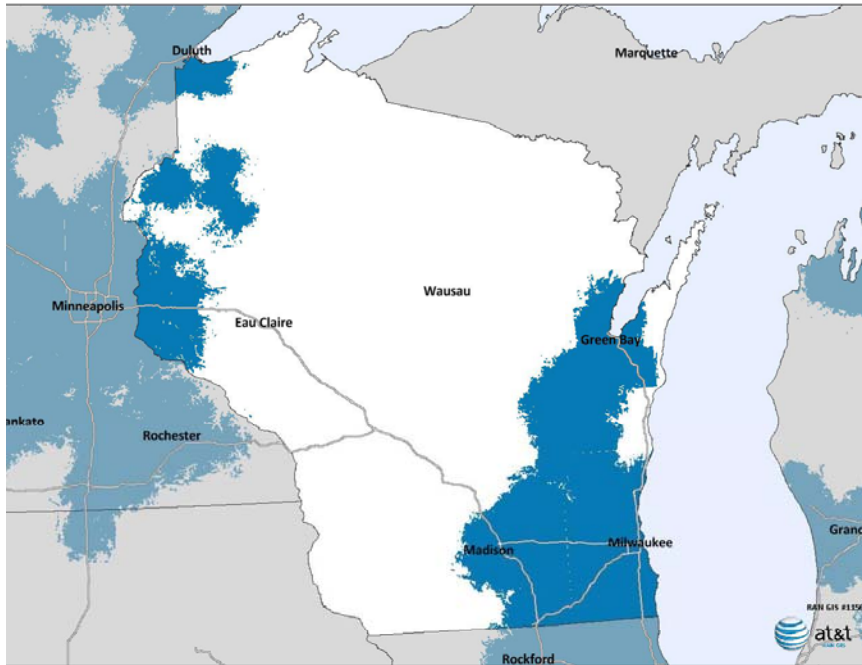
"The real winner in this merger is the consumer."  
Zack Christenson  
American Consumer  
Institute

"The parties have a surprisingly strong argument that their merger would allow better service, lower costs and more efficient use of existing spectrum without hurting consumers."  
Holman Jenkins, Jr.  
Wall Street Journal

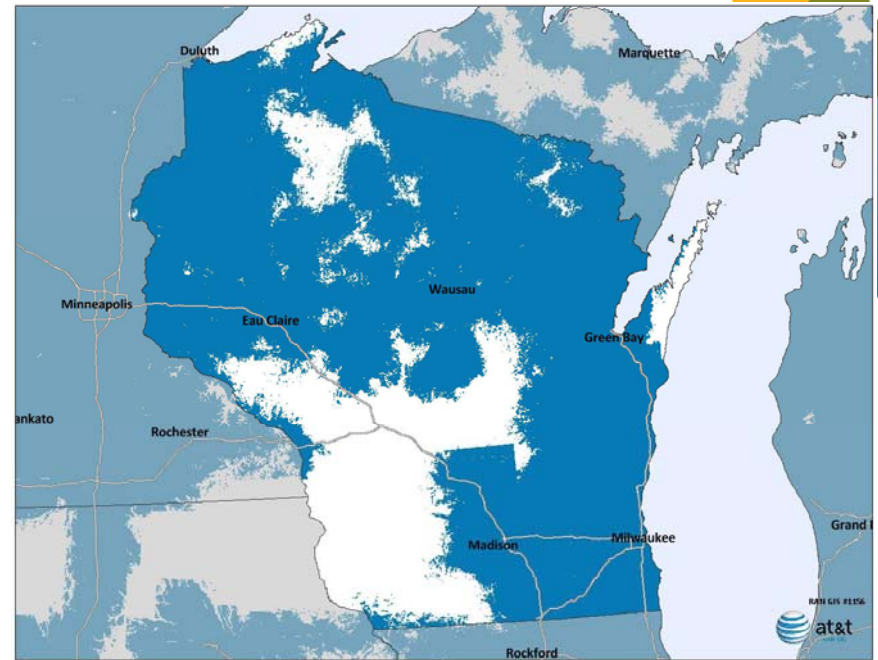


# Expanded 4G LTE to Cover Over 97% of U.S. Population

## Current Plan



## With Merger



To present a conservative view of estimated coverage when compared to post-merger maps and to address potential deployment changes as plans are operationalized, map is based on assumptions that maximize potential coverage areas and thus depicts areas outside current pre-merger build plan. Additional information may alter estimated coverage. Actual coverage provided will vary as specific network design and construction takes place.

Maps depicts estimated coverage based on current information and modeling assumptions as of April 21, 2011. Additional information obtained post-closing may alter estimated coverage. Actual coverage provided may differ.



# A 4G Nation: Innovation, Economic Growth & Jobs



- **More than \$8 Billion** in infrastructure spending by AT&T over seven years, enabling the economy to innovate and grow.

- **One job in the communications industry is associated with 2.52 indirect jobs**

- Phoenix Center Policy Bulletin No. 25, October 2010*



- Accelerated broadband deployment that **creates jobs across all industries.**

- **Every one percentage-point increase in broadband penetration is accompanied by an increase in employment of 0.2 percent to 0.3 percent per year**

- Brookings Institution, Issues in Economic Policy, July 2007*



- 4G LTE network in more areas can spur additional growth and hiring from small businesses that rely on broadband to compete globally and levels the playing field for innovation

- **For example: By 2013, over 20 billion downloads from mobile app stores are expected to drive a \$30 billion industry — an industry that didn't exist in 2008**



# AT&T and T-Mobile Acquisition

As a result of the transaction AT&T has committed it will deploy LTE to more than 97% of the U.S. population.

**For Wisconsin, we estimate this means:**

- More than **1.75 million** additional people covered in the state
- More than **90%** of the state's population covered by LTE footprint
- More than **30,000** additional square miles served
- More than **400%** increase in geographic area of LTE footprint in the state

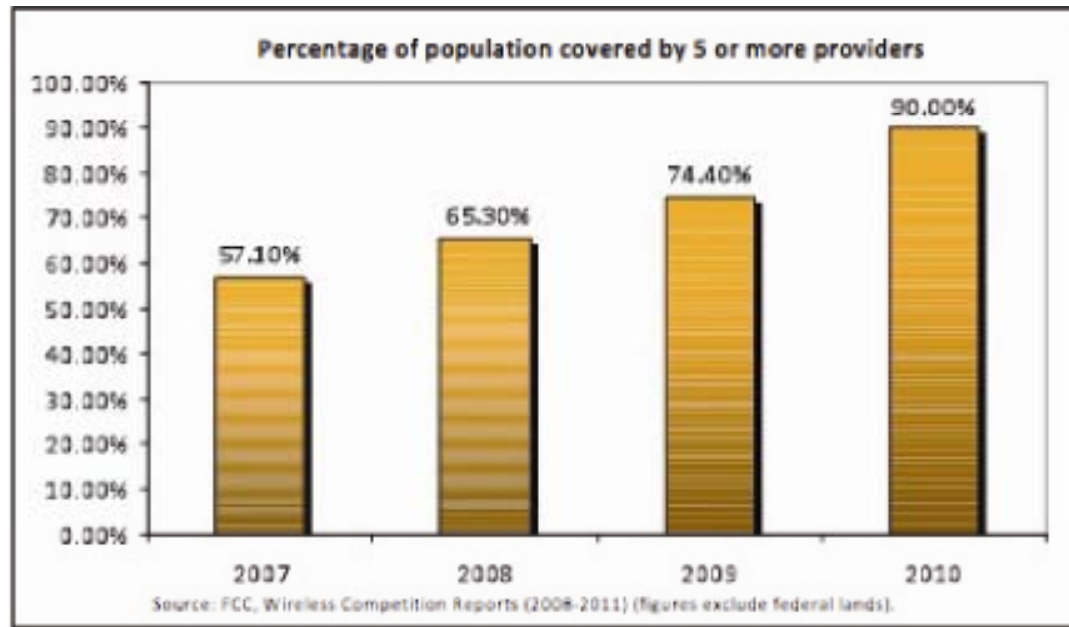


## AT&T and T-Mobile Acquisition

How You  
Can Help



# The U.S. Wireless Landscape is Fiercely Competitive



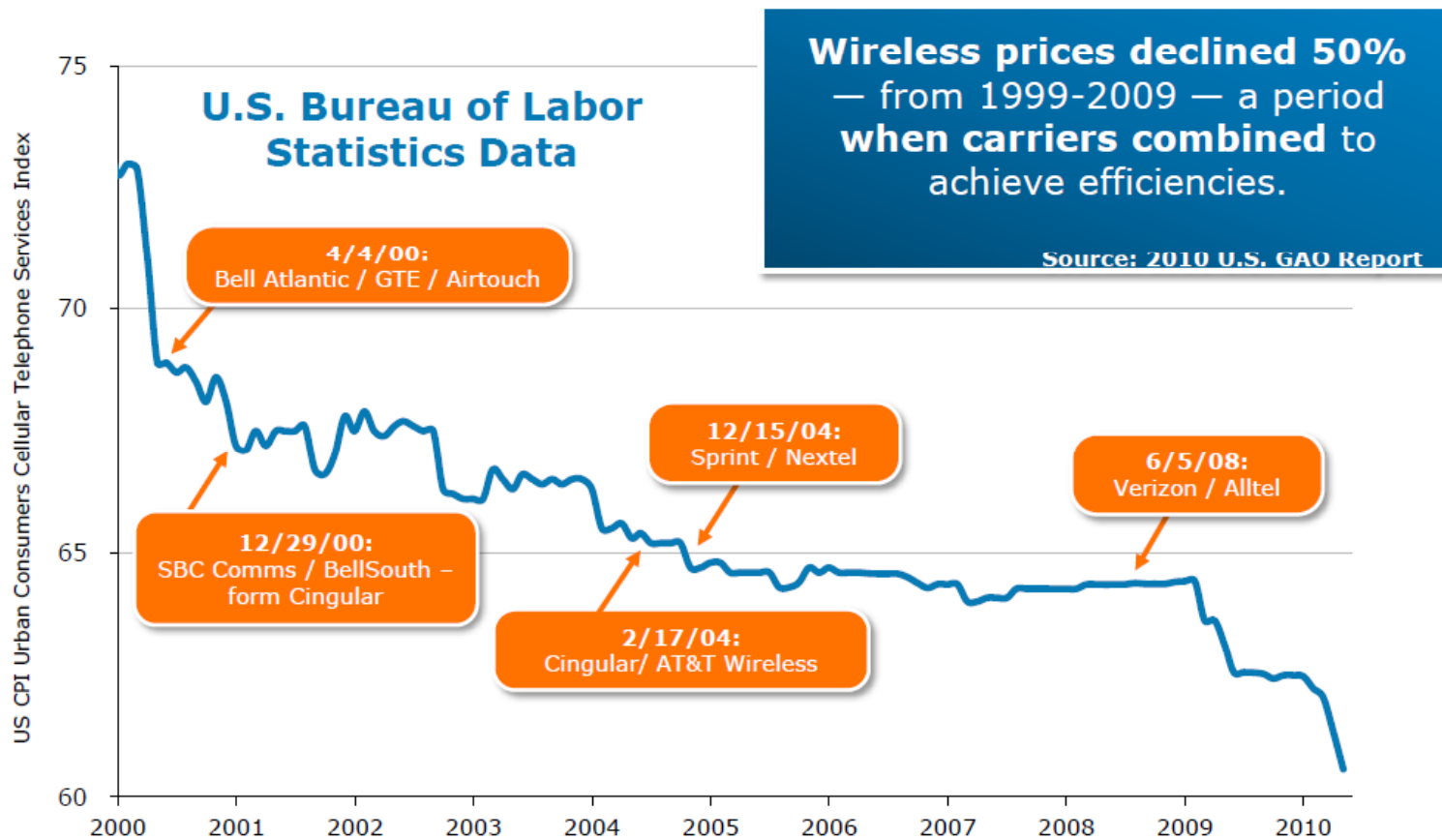
According to FCC findings, **90 percent** of the U.S. population lived in census blocks covered by **five or more** facilities-based wireless providers in 2010

Source: FCC Wireless Competition Report (2008-2011)





# Historically, during periods when carriers combined to achieve efficiencies, U.S. wireless prices fell



Note: U.S. CPI Urban Consumers Cellular Telephone Services Index began with a base of 100 on 12/31/97. Information updated on a monthly basis

Source: U.S. Bureau of Labor Statistics via Bloomberg (as of March 4, 2011)



# Merger Critics Said Prices Would Rise - They Were Wrong



Wireless Industry  
Effective Price per Message  
(1Q05 - 4Q10)



**84% DECLINE**  
in Effective Price per Message

Wireless Industry  
Voice Revenue per Month  
(4Q05 - 4Q10)



**30% DECLINE**  
in Voice Revenue per Month

Wireless Industry  
Effective Price per MB  
(3Q08 - 4Q10)



**89% DECLINE**  
in Effective Price per MB



2/17/04 (Cingular/AT&T Wireless) "This merger will have a devastating impact on consumers, who may have to pay more..." Consumer Federation of America  
12/15/04 (Sprint/ Nextel) "[Merger] would chill competition in wireless..." Consumer Federation of America

07/30/07 (Verizon Wireless/Rural Cellular Corporation) "The acquisition... would have anti-competitive and anti-consumer effects..."  
Coalition of various consumer groups

06/05/08 (Verizon Wireless/ Alltel) "This deal will speed the unfortunate trend of giving consumers fewer, rather than more, choices."  
Public Knowledge

03/20/11 (AT&T/T-Mobile) "We know the result of arrangements like this: higher prices and fewer choices, less innovation, and the loss of American jobs."  
Public Knowledge