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Federal Communications Commission
Washington, DC 20554

International Bureau

Hans-Willi Hefekäuser, et al.
Counsel for Deutsche Telekom AG
Deutsche Telekom, Inc.
1020 Nineteenth Street, N.W., Suite 850
Washington, D.C. 20036

February 2, 2001

Via Telefax

Re: IB Docket No. 00-187

Dear Applicants:

Please find attached to this letter a list of questions in connection with the proposed Deutsche Telekom, VoiceStream, and Powertel mergers to which the Commission would like to receive answers by the close of business on February 9, 2001. As we continue our review of the proposed mergers, we may have further questions in the future.

Please file your response with Magalie Roman Salas, Secretary, Federal Communications Commission in IB Docket No. 00-187. Thank you for your time and attention to this matter.

Sincerely yours,

Donald Abelson, Chief
International Bureau

cc: Cheryl Tritt
Jill Dorsey
John Nakahata
William Lake
David Miller
Edward Yorkgitis

QUESTIONS FOR DT/VS AND RELATED APPLICATIONS

(1) How does Germany regulate the rates and earnings of DT's domestic, international, and foreign operations (including the operations of DT's U.S. affiliates)? For instance, if price caps are the form of regulation, please explain the overall structure of the price cap plan, including which domestic, international, and foreign services are excluded from price caps; which services are in the same basket; the extent of pricing flexibility within baskets; headroom under the price cap in each basket; earnings limitations; and relevant ongoing rulemakings.

(2) How are the foreign holdings of DT treated for regulatory purposes? For instance, are costs subject to either accounting or non-accounting safeguards?

(3) Please describe how DT's employer rights and obligations (e.g., hiring, termination, benefits) with respect to its civil service employees differ from the company's rights and obligations with respect to its non-civil service employees. Are the expenses of DT's civil service obligations, for example salaries and/or retirement funding, defrayed by the German government?

(4) What options do carriers have to bypass DT facilities when bringing traffic into Germany from European countries where there are landing stations for U.S.-Europe submarine cable landing stations? Are there any German or European laws or regulations that ensure non-discrimination with regard to non-DT traffic that terminates in landing stations in Europe owned or controlled by DT?

(5) What percentage of the German domestic long distance market is controlled by DT?

(6) What percentage of business and residential local loops in Germany is controlled by DT?

(7) Please explain the discrepancy between the weighted average cost of capital estimates provided in the statements by Sidak (at 14) and Fisher (at 8) included in the appendices to the Applicants' Reply.

(8) Please provide an English version of DT's annual report or comparable document. What has been the schedule of the retirement of government backed debt since January 1995, and what is the anticipated schedule until the debt is fully retired?

(9) Other than the Articles of Incorporation, please provide copies and certified translations of DT's other organizational documents (e.g., the equivalent of the By-laws) which, together with the Articles of Incorporation, show how many directors can be appointed by the German government and Kreditanstalt für Wiederaufbau ("KfW") and to which of DT's boards.

(10) Please provide an explanation of how DT's dual board structure operates, including an explanation of the duties/powers of each of the boards and whether, and to what

extent, individuals may be members of both boards. In addition, please identify the current members of each of the boards with an annotation as to who nominated each of them.

(11) You have stated that the government and KfW together are entitled to appoint up to 10 directors of the supervisory board but at this time have appointed only two such members. Please explain who appoints the 8 other directors.

(12) Are there term limits or other restrictions currently in place that would prevent the government (or KfW) from using its power post-merger to appoint all 10 directors?

(13) What power (direct or indirect) does the government (or KfW) have to make appointments to the managing board or directly to line management?

(14) Other than attending shareholder meetings and the annual report, what other reports are produced for the government, KfW or their nominees and what other meetings are held for the benefit of the government or KfW?

(15) Other than through voting at shareholder meetings and regulation through RegTP, what influence over DT's business strategy does the government have?

(16) You state that "[t]he government has always cast its votes in line with the majority of other shareholders..."(See Application p.10). Please advise whether the government is, in any way, bound to vote in this manner and, if so, please provide supporting documentation.

(17) The applicants state that the total government share of DT is currently 60%, and that this share will decrease to approximately 45.7% if the VoiceStream merger is consummated and to approximately 44% if the Powertel merger is subsequently consummated. Section 1.05 of the DT-VoiceStream merger agreement provides that VoiceStream shareholders have the right to receive (1) all cash, (2) all DT shares, or (3) a mix of cash and shares. In addition, the merger agreement calls for adjustments to the cash or stock exchange based on market price. Have the shareholders made their election? How does the possible election combination affect the dilution of the government's interest in DT? What are the assumptions regarding shareholder election and stock value that the statements regarding dilution are based upon? What would the percentage of DT held by the government be if all VS shareholders tendered their shares for an all cash option?

(18) Please state whether DT, the German government, or KfW has entered into any other agreements that are currently in effect that permit a party to "put" (or otherwise sell) DT shares back to DT or KfW as recently occurred with France Telecom?

(19) Please provide a list of all DT shareholders holding 5% or more of the entire issued share capital of DT.

(20) Has the total post-merger German government interest changed from 44% due to the 1.8% interest sold by France Telecom to the German government? If so, what will it be?

(21) Please provide us with a copy of the Powertel-DT merger agreement.

(22) As we requested during our ex parte meeting on January 19, 2001, please provide a more detailed legal and factual analysis of the paid-in capital issue raised in connection with DT's $5 billion investment in VoiceStream, and particularly focus on how you would distinguish the present case from Fox [cite] and NextWave [cite]. Please explain how the amount of the aggregate consideration for the VS convertible preferred stock was calculated. Please explain why DT made the $5 billion investment in VS in exchange for convertible preferred stock rather than by simply acquiring common stock. Please explain the methodology used in calculating the ownership interest in VS that was purchased by DT when making the $5 billion investment.

(23) Section 5.15 of the Merger Agreement between DT and VoiceStream restricts the type and amount of "Acquisitions" that may be made by VoiceStream. Please provide examples of Commission decisions that (1) support your argument that these types of provisions are common and have been consistently upheld by the Commission, and (2) indicate that these types of provisions do not constitute a de facto transfers of control.