

# AT&T defends T-Mobile deal in response to DOJ suit

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(AP) -- AT&T is countering the U.S. government's attempt to block its \$39 billion acquisition of T-Mobile by depicting the deal as a way to provide consumers with better cell phone service at lower prices.

The argument, submitted in a Friday court filing, is AT&T Inc.'s first legal response to a lawsuit that the Department of Justice filed last week in an effort to ensure [T-Mobile](#) remains independent. AT&T's 25-page document echoed the company's previous contention that buying rival T-Mobile will enable it to expand its mobile communications network so there are fewer dropped connections in a world where constant online access is becoming the norm.

The Justice Department believes there wouldn't be enough competition if AT&T devours T-Mobile, creating a void that would increase prices and reduce the incentive to develop new technology.

AT&T's lawyers contend that the Justice Department's analysis reflects a misunderstanding of the market. They say T-Mobile, the fourth largest cell phone carrier with 33.6 million customers, isn't a significant competitive threat to AT&T, the No. 2 carrier with nearly 100 million customers. T-Mobile has been losing market share in recent years, a trend that AT&T argues will discourage its German parent, Deutsche Telekom, from investing to improve its own wireless network.

In contrast, AT&T says it spent more than \$30 billion in network upgrades from 2008 through 2010, yet still can't keep up with customers'

growing demand to transfer data over phones and other wireless devices, according to the court documents. But if it can snap up T-Mobile, AT&T believes the added capacity will put it in a better position to deliver better services. AT&T already has pledged to invest at least \$8 billion and transfer 5,000 jobs currently in overseas call centers back to the U.S. if the T-Mobile purchase goes through.

The court filing also seeks to counter the Justice Department's theory that the U.S. [cell phone](#) market would be dominated by just three carriers - AT&T, Verizon Wireless and Sprint Nextel Corp, if T-Mobile disappears from the market. AT&T's filing cites "innovative upstarts" MetroPCS and Leap/Cricket and regional carriers such as US Cellular and Cellular South as viable alternatives for most consumers.

"The (Justice) Department does not and cannot explain how, in the face of all these aggressive rivals, the combined AT&T/T-Mobile will have any ability or incentive to restrict output, raise prices, or slow innovation," the AT&T's lawyers wrote.

It's unusual for the [Justice Department](#) to challenge a proposed acquisition in court. Most companies back out of deals to avoid tangling with the government. But AT&T has a huge incentive to fight: It will have to pay a \$3 billion termination fee if its agreement with T-Mobile unravels.

The first hearing in the case is set for Sept. 21 in Washington before U.S. District Court Judge Ellen Huvelle.

AT&T, which is based in Dallas, is seeking a quick resolution to the case.

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