

Congress of the United States
Washington, DC 20515

March 6, 2001

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, SW.
Washington, D.C. 20554

Dear Chairman Powell:

In recent days, a series of comments from German government officials have demonstrated, beyond any reasonable doubt, that the German government continues to exert operational control of Deutsche Telekom (DT).

As you may know, there has been speculation in Germany that DT Chairman Ron Sommer would be forced to resign. It is interesting to note the source of this pressure. Several members of parliament, including the head of the telecommunications subcommittee, publicly called for Sommer's resignation. Sommer then received an official vote of confidence from the German Finance Ministry, when a spokesman stated, "[t]here's no cause to be worried about Deutsche Telekom. We also fully support Sommer." A German government spokesman added, "attempts by opposition politicians to involve themselves" were weakening the company and damaging its shareholders. Finally, and most significantly, German Chancellor Gerhard Schroeder congratulated Sommer in "setting up the company well both domestically and abroad" and noted that the DT share price was "undervalued." Such competing statements of concern and confidence traditionally are issued by private sector board members, not government officials.

These statements, taken in conjunction with the significant factual record before the Federal Communications Commission (FCC), can only lead to the conclusion that DT is controlled by the German government and therefore ineligible for a U.S. telecommunications license. This record reflects the German government's significant ownership stake, the large amount of debt backed by the German government, the claimed right to use foreign sovereign immunity, and the large number of government employees working for DT whose status is statutorily and constitutionally protected under German law.

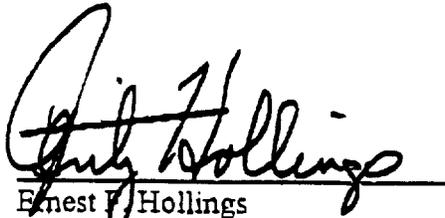
In addition, the parties themselves admitted to the German government's control in their SEC filed merger agreement, in which they describe DT's status "as an agency or instrumentality of government." Finally, we believe that the record before the FCC amply demonstrates that a combined DT-VoiceStream will act as a "representative" of the German government as contemplated by 47 U.S.C. 310(a).

The Honorable Michael K. Powell

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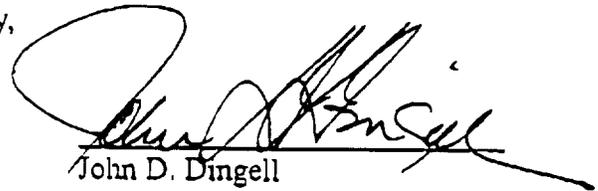
We noted with interest your articulated desire to return the FCC to a less activist agenda. With the Commission's upcoming decision on the DT-VoiceStream merger, the FCC will have a concrete opportunity to demonstrate this philosophy. As you are aware, the question of foreign government ownership of U.S. telecommunications licenses is one of first impression before the Commission. As you also know, the Commission's Foreign Participation Order (FPO) was based on a Clinton Administration initiative that was neither submitted to, nor approved by, Congress. To approve a transaction by relying on the FPO and the underlying executive agreement *without Congressional approval* would be the height of agency activism.

With kindest personal regards,



Ernest F. Hollings
Ranking Member
Senate Committee on Commerce,
Science, and Transportation

Sincerely,



John D. Dingell
Ranking Member
House Committee on Energy
and Commerce

cc: Commissioner Susan Ness
Commissioner Harold Furchtgott-Roth
Commissioner Gloria Tristani