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October 27, 2000

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## By Messenger

EX PARTE OR LATE FILED

Magalie Roman Salas, Secretary  
Federal Communications Commission  
445 12th Street, S.W., Room TW-A325  
Washington, D.C. 20554

RECEIVED

CCT 27 2000

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**Re: Ex Parte Presentation -- IB Docket No. 00-187**

Dear Ms. Salas:

On October 26, 2000, undersigned counsel, along with Brian O'Connor and John Nakahata representing VoiceStream Wireless Corporation ("VoiceStream"), and John Harwood and Andreas Tegge representing Deutsche Telekom AG ("DT") (collectively, the "Parties"), met with Commissioner Susan Ness and her Senior Advisor, Mark Schneider, to discuss the Parties' pending merger in the above-referenced docket.

Specifically, the Parties discussed the contents of their applications, the status of their filings made pursuant to the Hart-Scott-Rodino Antitrust Improvements Act, Sec. 7A of the Clayton Act, 15 U.S.C. Sec. 18A, and the Federal Trade Commission's Pre-Merger Notification Rules, 16 C.F.R. Parts 801, 802 and 803, and the status of their discussions with relevant federal agencies charged with addressing law enforcement and potential national security concerns.

The Parties also discussed a letter from Michael Steiner, Foreign Policy and Security Advisor of the Federal Chancellor of the Federal Republic of Germany, to Samuel Berger, Assistant to the President for National Security Affairs, a copy of which is attached.

Pursuant to Section 1.1206(b)(1) of the Commission's rules, an original and one copy of this letter are provided to the Secretary for inclusion in the record in the above-referenced proceeding.

No. of Copies rec'd 041  
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**HUNDESKANZLERAMT**

**Michael Steiner**  
Foreign Policy and Security Advisor  
of the Federal Chancellor

Berlin, 21. September 2000  
Phone ++49-(0)30-4000-2200  
Fax ++49-(0)30-4000-2262

The Honorable  
Samuel Berger  
Assistant to the President  
for National Security Affairs  
The White House  
Washington, D.C.  
USA

Dear Sandy,

as you know, the pending decision on the Hollings-Rider Bill is of some importance for our bilateral relations. In a letter to Ambassador Barshefsky and Under Secretary Eizenstat dated July 25, 2000, State Secretary Axel Gerlach pointed out the Federal Government's grave concern over the initiative being taken in Congress aimed at preventing foreign investment in the telecommunications sector. In this connection I would like to draw your attention to a number of facts. In no way does the Federal Government's existing holding in Deutsche Telekom AG (DT AG) impair free competition in the telecommunications sector.

The German Government is fully committed to the full privatization of Deutsche Telekom and to the objective to reduce its direct stake not just to 25 % but to zero. Since the process began in 1995, the German Government's interest has been progressively and rapidly reduced, from 100 percent in 1995 to a direct ownership share of 43.2 percent today. Another 15 percent of Deutsche Telekom's shares have been sold irrevocably to a public bank (KfW) for sale to the public as market conditions permit. Deutsche Telekom's proposed mergers with VoiceStream and Powertel will further dilute the German Government's direct stake to less than 33 percent, and its total direct and indirect interests to approximately 44 percent.

Since 1995 the sole instruments available to the Federal Government to influence the business policy of DT AG are the instruments provided under German company law,

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namely, the shareholders meeting and the supervisory board. On the supervisory board it has only one of the 20 seats. Through its voting rights the Federal Government exercises no control over business policy. In Germany there is no "golden share", i.e. no veto rights or special status in the corporate governance sphere. DT AG receives no state subsidies.

To ensure the telecommunications market is opened up to competition the Regulatory Authority for Telecommunications and Posts was set up under the 1996 Telecommunications Act. This independent Authority, which started operating in 1996, imposes stringent conditions designed to secure fair competition and non-discriminatory market access. Examples of how the Authority operates to promote competition are:

- the number of licences issued to other operators of transmission systems and the range of voice telephone services available to the public (the Authority had issued 252 such licences by the end of 1999);
- the marked fall in telephone call charges over the past two years;
- the recent decision requiring DT AG to modify its charges to rival Internet providers for connecting customers so as to prevent distortions to competition.

Overall Germany now ranks as one of the world's most open telecommunications markets, as was most recently shown by the result of the auction of UMTS licences. Over 80% of this in future extremely important market will henceforth be controlled by companies that are partly in foreign ownership.

The Federal Government herewith once again reaffirms its determination to make the formerly state-owned company DT AG into a company managed on entirely market-economy lines and privately owned. I would be grateful if, with a view to preventing the enactment of the Hollings-Rider Bill, you could convey this assurance on the part of the Federal Government also to the members of Congress. State Secretary Gerlach will contact to this effect also Ambassador Barshetsky.

Yours



**MORRISON & FOERSTER LLP**

Magalie Roman Salas  
Page Two

Very truly yours,

A handwritten signature in black ink that reads "Louis Gurman". The signature is written in a cursive, slightly slanted style.

Louis Gurman

*Counsel to VoiceStream Wireless Corporation*

cc:

Commissioner Susan Ness  
Mark Schneider, Senior Advisor to Commissioner Ness  
International Transcription Services, Inc.  
Office of Media Relations, Reference Operations Division  
Claudia Fox, Policy and Facilities Branch, Telecommunications Division, International  
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