



## **CWA Has Not Endorsed the CenturyLink-Qwest Merger**

CWA has not announced support of the proposed CenturyLink-Qwest merger. Here is why: CWA is concerned that our members, their families and their communities may be adversely affected by the merger of these two companies. CWA is concerned about preserving our contracts, about preserving good jobs, and about building our communities with high speed broadband.

CWA has held meetings with representatives of Qwest and CenturyLink to express our concerns and to try to get some solid assurances that our concerns will be addressed. By engaging in these discussions we hope to make sure the merger does not sacrifice workers' jobs for the sake of synergies and high dividends.

### **Union Concerns about the CenturyLink-Qwest Merger**

#### **1. How will the merger impact union jobs?**

The companies claim the merger will achieve \$625 million in synergies. This means they intend to combine similar functions. This consolidation will allow the two companies to reduce expenses. What it can lead to is job cuts.

CWA has asked for:

- Guaranteed Employment levels
- Guaranteed NO Layoffs
- Future Plans for CWA represented Call Centers

#### **2. This huge merger comes on the heels of another merger – Century and Embarq. The acquisition of Qwest could be too much, too soon for CenturyLink.**

Just two years ago, Century Tel was a small, rural telephone carrier that serviced about 2 million access lines. Since then, the company has acquired Embarq and is now proposing to acquire Qwest. These moves will boost its size to the third largest wireline carrier in the country, with 17 million access lines.

Stock analysts are concerned about the Qwest-CenturyLink deal: Morningstar, an investment research company, has written the timing and scope of the Qwest deal will present far greater challenges than the Embarq acquisition. Moody's Investor Service downgraded Century's bond rating after the merger announcement, explaining "the negative rating outlook for CenturyTel reflects the considerable execution risks in integrating a sizeable company so soon after another large acquisition."

Century closed its deal with Embarq just a year ago, and it is still in the process of integrating operating systems. In filings related to the Qwest merger, CenturyLink acknowledges that only 25 percent of the access lines served by the former Embarq have been converted to CenturyLink's customer service and billing systems. It is not hard to imagine the difficulty CenturyLink will have integrating a company like Qwest that has more than 10 million customers across 14 states.

### **3. Will the merger allow the two companies to expand their reach into the telecom of the future, rolling out broadband to more communities?**

CWA believes the future success of these companies, whether merged or independent, depends on their ability to bring broadband and other 21<sup>st</sup> century telecommunications technologies to more communities in their geographic footprints. Although the companies claim that the merger will allow them to accelerate broadband deployment and increased bandwidth, they have released no concrete plans to demonstrate how these goals will be achieved. They do not reveal the number of households, small businesses, or anchor institutions like libraries, schools and hospitals that will have access to broadband. They do not describe the upgraded capacity that will be delivered. They do not name the new markets that will be served with IPTV expansion.

Without concrete plans to evaluate, the merger proposal and its supposed benefits are just pretty promises. We urge the company to be more forthcoming with information that will help CWA and others evaluate the proposed benefits of this merger.

### **CWA Urges Close Review of the Merger**

CWA will continue to reach out to the companies in hopes of getting responses to our concerns. We have also intervened in the Federal Communications Commission's review of the proposed merger as well as in three (3) state commissions: Arizona, Colorado and Minnesota.

CWA is currently reviewing the merger in other states. We may be calling upon local union leaders to work with commissions, legislatures, Governors and others who may have influence in the outcome of this merger.

Until we have a better understanding of the new company's future plans that will affect our members' jobs, we cannot endorse the merger.

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