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April 24, 2019

VIA ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

REDACTED – FOR PUBLIC INSPECTION

Re: Applications of T-Mobile US, Inc. and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations; WT Docket No. 18-197

Dear Ms. Dortch:

Pursuant to Section 1.1206(b) of the Commission's Rules, 47 C.F.R. § 1.1206(b), notice is hereby provided of oral *ex parte* presentation in the above-referenced docket. On April 24, 2019, Kathleen Ham, Senior Vice President, Government Affairs of T-Mobile US, Inc. ("T-Mobile"), as well as other representatives of T-Mobile and Sprint Corporation¹ ("Sprint," and collectively with T-Mobile, "Applicants") met with Matthew Berry, Chief of Staff; Nicholas Degani, Senior Counsel to Chairman Ajit Pai; and David Lawrence, Head of the T-Mobile/Sprint Transaction Task Force. During the meeting, representatives of the Applicants described the affirmative case for the transaction that has been submitted by the Applicants and responded to questions from the FCC participants.

Specifically, the representatives of the Applicants discussed issues covered in the attached presentation and handout and detailed the Applicants' recent filings with the FCC. The representatives of the Applicants addressed questions regarding their submitted economic modeling, including how it is conservative in measuring benefits and pricing constraints. They also discussed their pricing commitment as well as the incentives for New T-Mobile to aggressively lower prices. They additionally reviewed the intense competition among providers of prepaid plans and that customers of those plans would be among the biggest beneficiaries of

¹ These other representatives included Mark Nelson of Cleary Gottlieb Steen & Hamilton, LLP, R. Michael Senkowski and the undersigned of DLA Piper LLP, Steve Sunshine of Skadden, Arps, Slate, Meagher & Flom LLP, and Sam Feder of Jenner & Block LLP.



Ms. Marlene H. Dortch
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the transaction. Finally, the representatives of the Applicants generally reviewed the other public interest benefits of the proposed T-Mobile/Sprint transaction for consumers and competition.

This filing contains “Highly Confidential Information” and “NRUF/LNP Confidential Information” pursuant to the Protective Orders filed in WT Docket No. 18-197.² Accordingly, pursuant to the procedures set forth in the Protective Order, a copy of the filing is being provided to the Secretary’s Office. In addition, two copies of the Highly Confidential Filing are being delivered to Kathy Harris, Wireless Telecommunications Bureau. A copy of the Redacted Highly Confidential Filing is being filed electronically through the Commission’s Electronic Comment Filing System.

Please direct any questions regarding the foregoing to the undersigned.

Respectfully submitted,

DLA Piper LLP (US)

/s/ Nancy Victory

Nancy Victory
Partner

Enclosures

cc: Matthew Berry
Nicholas Degani
David Lawrence
Kathy Harris
Linda Ray
Catherine Matraves
Jim Bird
David Krech

² *Applications of T-Mobile US, Inc., and Sprint Corporation for Consent to Assign Licenses*, Protective Order, WT Docket No. 18-197 (June 15, 2018); *Applications of T-Mobile US, Inc., and Sprint Corporation for Consent to Assign Licenses*, NRUF/LNP Protective Order, WT Docket No. 18-197 (July 26, 2018).

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ATTACHMENT A

NEW T-MOBILE'S COMPETITION AND CONSUMER BENEFITS
Profit-Maximizing Incentives to Intensify Competition and Benefit Consumers in the 5G Era

New T-Mobile will leverage a unique combination of complementary spectrum and cell sites to unlock enormous synergies and deliver a world-leading nationwide 5G network with massive capacity and fiber-like speeds sooner, better and cheaper than otherwise possible. New T-Mobile's 5G network will deliver innovative mobile wireless uses, bring high-speed broadband service to rural America, unleash an alternative to fixed in-home broadband, enable disruptive video services, spark more competition for enterprise and create thousands of jobs. As a 2 to 3 merger, New T-Mobile will be a stronger third competitor able to go toe-to-toe with AT&T and Verizon, while also bringing sorely needed competition to cable companies. The merger will bring increased competition, lower prices and world class 5G for ALL consumers.

The Merger Creates a Nationwide 5G Network with Massive Capacity, Higher Speeds and Lower Costs that Will Leap Frog AT&T and Verizon.

- Network quality improves almost immediately and increases each year from 2019 through 2024.
 - Total capacity exceeds the combined companies' capacity starting in 2019 and increases every year reaching nearly 2X for total capacity and 2.7X for 5G capacity by 2024.
 - Speeds will be higher than either standalone in 2019 and will increase every year reaching 3.9X to 4.5X higher by 2024 when 90% of customers will get 100+ Mbps and 66% will get 300+ Mbps.
- New T-Mobile must combine the networks as rapidly as possible to realize merger synergies, and its accelerated 5G deployment will cause AT&T and Verizon to respond so that all consumers benefit.

New T-Mobile Will Generate More Revenue and Profits by Lowering Prices to Capture Market Share.

- The gains from adding new customers at lower prices exceed the foregone profits from existing customers at the original prices.
 - By way of example, due to the merger's marginal cost savings, every customer New T-Mobile can attract is worth [REDACTED] more than today. New T-Mobile could share these cost savings with consumers by lowering prices [REDACTED], while attracting more customers that are [REDACTED] more profitable.
 - Given the industry transition to 5G and the prospect of large gains from adding wireless consumers, it makes financial sense to utilize the 5G capacity fully by lowering prices and adding new customers.
 - If New T-Mobile were to raise prices, it would lose customers, earn less and damage its Un-carrier brand.
 - Under its business plan, New T-Mobile's ARPU will be 6% lower than the standalone average and all customers are guaranteed no price increases for 3 years, including 5G at no extra charge.
- Economic evidence shows these incentives swamp any theoretical upward pricing pressure from combining T-Mobile and Sprint, even under extremely conservative assumptions.
 - Economic modeling using a wide range of data (Facebook, SOGA, shares, Harris X and ABH) shows consumer welfare gains for 2019 to 2024.
 - Dr. David Evans shows that the increase in industry capacity caused by AT&T and Verizon responding to New T-Mobile will more than halve price/GB in 2024 for all wireless consumers.

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Economic Principles Corroborate New T-Mobile's Plan to Take Market Share as a Disruptive Un-Carrier.

- New T-Mobile's business plan is a profit-maximizing escalation of T-Mobile's successful Un-carrier strategy.
 - The Un-carrier brand has enormous value built on the success of T-Mobile's consumer-focused moves and business declarations confirm that the plan will be profitable.
 - Deviating from the business plan would damage the Un-carrier brand value, alienate customers, cause churn and benefit competitors, which would decrease short- and long-term profitability.
- Low-end/prepaid customers will benefit from increased competition, lower prices and better service.
 - Low-end/prepaid customers tend to be heavier users of data and will particularly benefit from industry capacity and quality improvements.
 - Competition in prepaid services is escalating as AT&T, Verizon and cable companies are aggressively competing for value and prepaid customers and will escalate even more with the merger.
 - Capacity increases and lower costs create incentives for New T-Mobile to attract MVNO business and all existing wholesale agreements will be honored.

Massive capacity, larger customer base and lower costs enable profitable new and expanded services.

- Rural America will provide a profitable area for growth and receive high-speed broadband and retail stores.
- By leveraging network capacity and assets, a profitable high-speed (100+ Mbps) in-home broadband service can be offered giving millions of households competition and choice for the first time.
 - In-home service will be priced significantly below fixed in-home broadband service prices.
 - Consumers can "cord cut" and drop fixed in-home service entirely in favor of New T-Mobile's high-speed mobile service.
 - Consumers will save an estimated \$13.65B annually from in-home broadband competition.
- Enterprise services will be a further source of growth and expanded competition.

Without the Merger, Consumers Will Pay Higher Prices, Receive Poorer Services and Have Fewer Choices for Full 5G and Broadband Services.

- T-Mobile and Sprint will likely have to raise prices because they will lack the capacity to keep up with growing demand for wireless data as reflected in the record and confirmed by an independent analysts.
- 5G will not come as soon, be as good, or be available for all the country and, absent competitive pressures, Verizon (\$10/mo.) and AT&T will impose a special surcharge on consumers for 5G.
- The benefits of in-home broadband competition and choice will be lost.
- Rural Americans will not receive the full benefits of 5G coverage, high-speed broadband and retail stores.
- Enterprise customers will lose a challenger and remain 80% controlled by AT&T and Verizon.

BOTTOM LINE: NEW T-MOBILE WILL EXECUTE A PROFIT-MAXIMIZING PLAN BUILT ON THE UN-CARRIER BRAND THAT USES MASSIVE INCREASES IN CAPACITY AND LOWER COSTS TO TAKE SHARE, ESCALATE COMPETITION AND BENEFIT CONSUMERS.

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ATTACHMENT B

Proposed Merger of T-Mobile and Sprint

Presentation to the FCC Office of the Chairman

April 23, 2019

Privileged & Confidential

Compelling Merger-Specific Public Interest Benefits

	NEW T-MOBILE	STANDALONES	
		T-MOBILE	SPRINT
World Leading 5G for All	<ul style="list-style-type: none"> — Massive broad and deep nationwide 5G — Uncovered pops = 1% — Spurs competitive responses from AT&T and Verizon to promote U.S. leadership 	<ul style="list-style-type: none"> — Thin 5G layer nationwide — No widespread high-speed broadband 	<ul style="list-style-type: none"> — Limited, localized 5G on standalone Sprint — Uncovered pops = 41%
Supercharged Network	<ul style="list-style-type: none"> — 2X total and 3X 5G capacity of combined standalones in 2024 to meet demand — 293M (90% of PoPs) above 100 Mbps — 209M (66% of PoPs) above 500 Mbps — Average network operating costs per GB 70% lower than for standalone T-Mobile in 2024 	<ul style="list-style-type: none"> — Cannot keep pace with growing demand — Insufficient mid-band capacity — Limited solutions at increasing costs to address rising congestion on its network 	<ul style="list-style-type: none"> — High speeds unavailable where coverage is weak, especially in-building — 2.5 GHz locked on LTE — Reliant on expensive-to-deploy 2.5 GHz spectrum for coverage
Pay Less for More	<ul style="list-style-type: none"> — ARPU decreases by 6% with 2x more usage — Competitive responses from AT&T and Verizon result in \$/GB benefit for all — 3-year price commitment with 5G 	<ul style="list-style-type: none"> — Flat ARPU over time — Competitor prices rise—Verizon gets away with charging \$10 more for 5G 	<ul style="list-style-type: none"> — Sprint ARPU increases
Rural Wins Big	<ul style="list-style-type: none"> — 25 Mbps or greater to 84% of rural POPs — [REDACTED] investment — 600 rural retail stores and 5 call centers — 12,000 plus jobs in rural areas 	<ul style="list-style-type: none"> — T-Mobile has begun deploying mobile broadband services in rural America using its 600 MHz — Its 5G rural coverage is limited absent the combined spectrum enabled by the transaction 	
In-Home Broadband	<ul style="list-style-type: none"> — Real competitor to fixed in-home — Prices [REDACTED] cheaper than today — Up to \$11B in consumer savings 	<ul style="list-style-type: none"> — Extremely limited test offering — No chance to disrupt industry 	<ul style="list-style-type: none"> — No offering planned

Economic Experts Confirm Business Plan Logic and Consumer Benefits

Drs. Israel, Katz and Keating	Merger simulation showed "the proposed transaction is projected to generate significant marginal cost savings, which will strengthen the combined firm's incentive and ability to compete for users by offering lower quality-adjusted prices."
Dr. Evans	Industry-wide amount of data provided to subscribers would be as much as 120% higher and the price per GB of data would be 55% lower as a result of the transaction.
Dr. Furchtgott-Roth	New T-Mobile in-home broadband replacement service, wireless substitution and the competitive responses of monopoly/duopoly fixed broadband providers could result in over \$13B in annual consumer savings.
Drs. Asker, Bresnahan and Hatzitaskos	Merger analysis based on real world consumer responses that corroborates the IKK findings and independently finds that the merger will promote competition and benefit consumers, particularly heavy data users in localities with significant low income, credit-challenged, African American and Hispanic populations.
Drs. Salop and Sarafidis	No likelihood of increased coordination post-merger because (1) network efficiencies will drive down cost and make it more likely for New T-Mobile to continue maverick behavior; (2) demand in the wireless market creates incentives for New T-Mobile to grow subscriber base before expected future efficiencies are fully realized; and (3) 5G transition makes coordination unlikely.
Dr. Woroch	Any attempts by New T-Mobile to raise prepaid prices would be defeated by consumer behavior and competitors' responses and all major carriers will have strong incentives to compete aggressively for prepaid subscribers.
Dr. Eisenach	Beneficial effects on the U.S. economy, including significant job gains and increased economic output raising GDP by \$110.4B and aggregate personal income by \$42.2B between 2021 and 2023.

Supplemental Evidence to Confirm Merger Benefits

	Economic Modeling for 2019-2020 Integration Period
	Network Improvements for 2019-2020 Integration Period
	3-Year Price Commitment for Integration Period
	In-Home Broadband Coverage and Business Plan
	Merger Simulation Showing Consumer Benefits Every Year Under Every Representative Source of Data
	Review of How Data Is Used in Ordinary Course Pricing Decisions
	Sprint Financial Condition and Prospects without the Merger

2-to-3 Merger So That New T-Mobile Will Truly Challenge AT&T and Verizon

New T-Mobile will continue to add subscribers at the expense of AT&T, Verizon, and other competitors through lower prices, better quality, and new services



Pass on scale benefits and cost savings to consumers



Better quality for same or better price



Focus on taking share from Verizon and AT&T through lower prices



Bring new competition to rural and enterprise segments

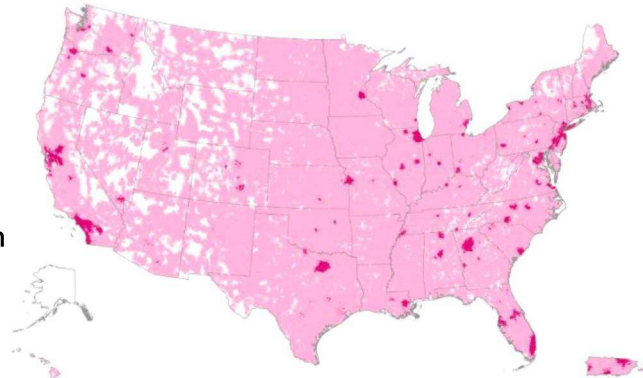
Verizon is already **UPCHARGING** for their 5G services!
This won't happen when **New T-Mobile introduces 5G**

Superior 5G Network: Massive Improvements

Standalone T-Mobile 5G (2024): Broad and Thin

- Nationwide, 5G coverage based on 600 MHz foundation
- Limited 5G capacity due to lack of spectrum depth on 600 MHz
- Uncovered pops at 1.4%

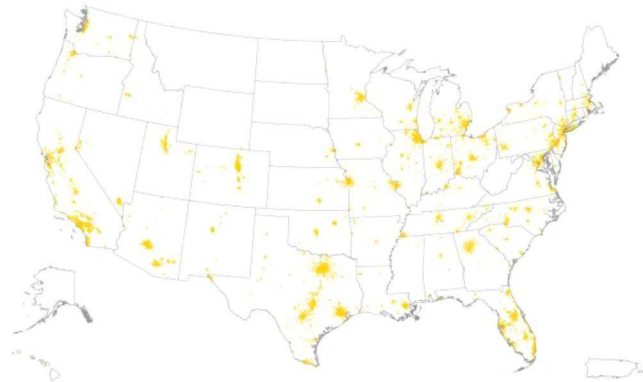
■ T-Mobile Standalone 5G 600 MHz
■ T-Mobile 5G Mid-band over 600MHz



Standalone Sprint 5G (2024): Deep but Narrow

- Constrained 5G coverage as a result of limited 2.5 GHz propagation characteristics
- 5G uncovered pops at 41%

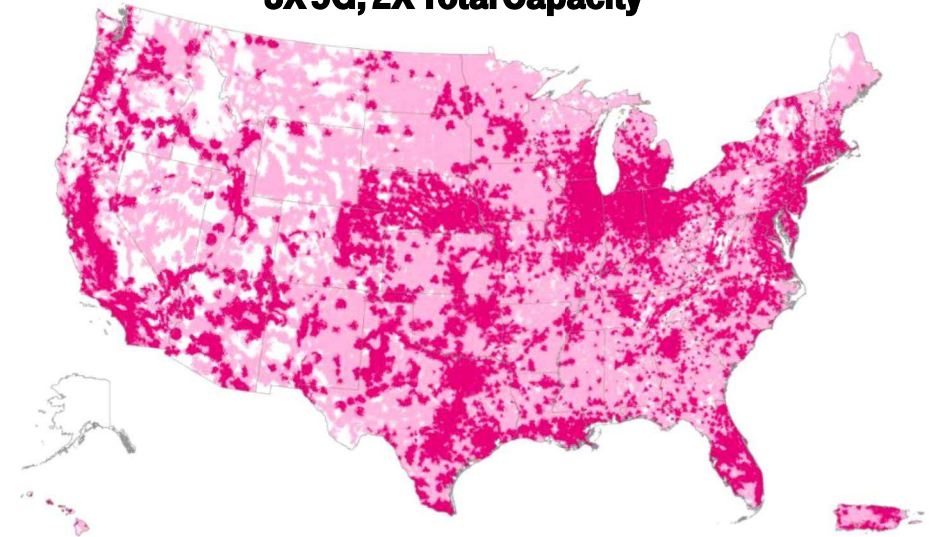
■ Sprint standalone 5G



New T-Mobile 5G (2024):

Broad and Deep




3X 5G, 2X Total Capacity



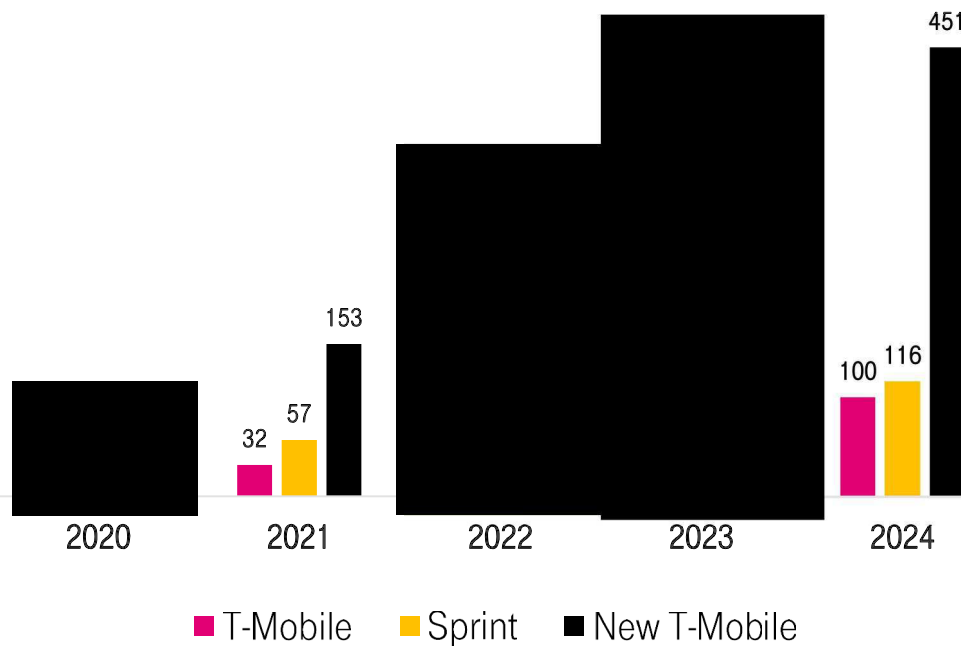
- Strong nationwide 5G coverage
- Massive spectrum depth where needed most
- Uncovered pops at 1%
- US Pops with speeds >100 Mbps: 2.8x vs. T-Mobile, 1.6x vs. Sprint

■ New T-Mobile 5G 600 MHz
■ New T-Mobile 5G Mid-band over 600MHz

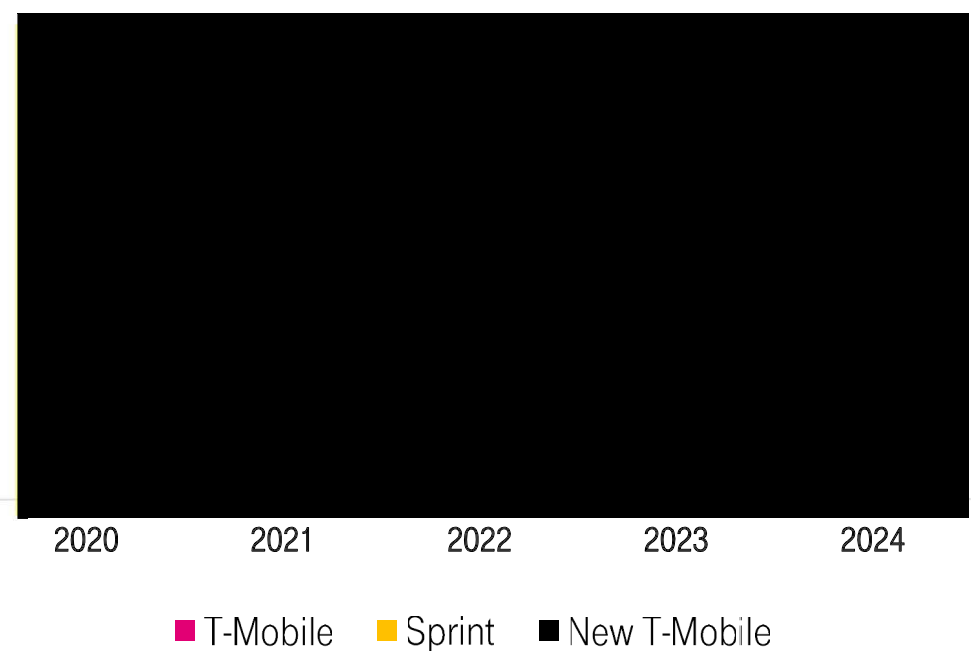
5G Network Improvements Begin Almost Immediately and Increase Each Year (2019-2024)

Complementary Spectrum  Complementary Sites  Improved Spectral Efficiency  **Unmatched coverage, capacity, speed, and user experience**

5G Average Throughput (Mbps)



5G Offered Traffic (Exabytes)

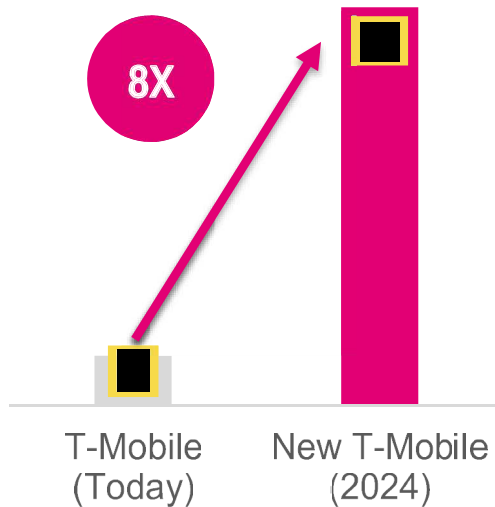


Business Plan Calls for Consumers Paying Less for More Data and Better Network Performance

Massive Capacity Increases Result in Steep Reduction in Price per GB

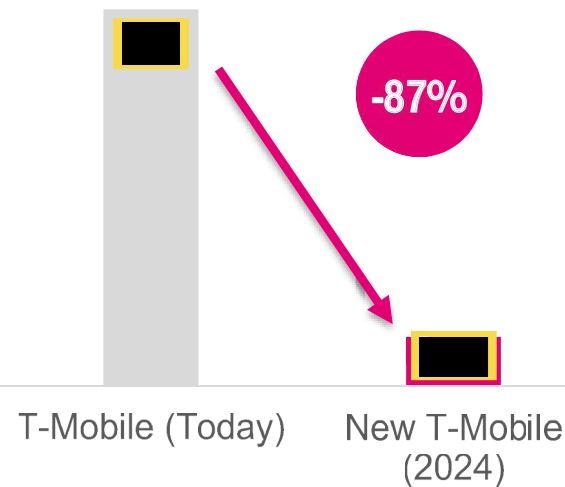
Massive Expansion in Data Consumption...

Usage Per Subscriber
GB / Month

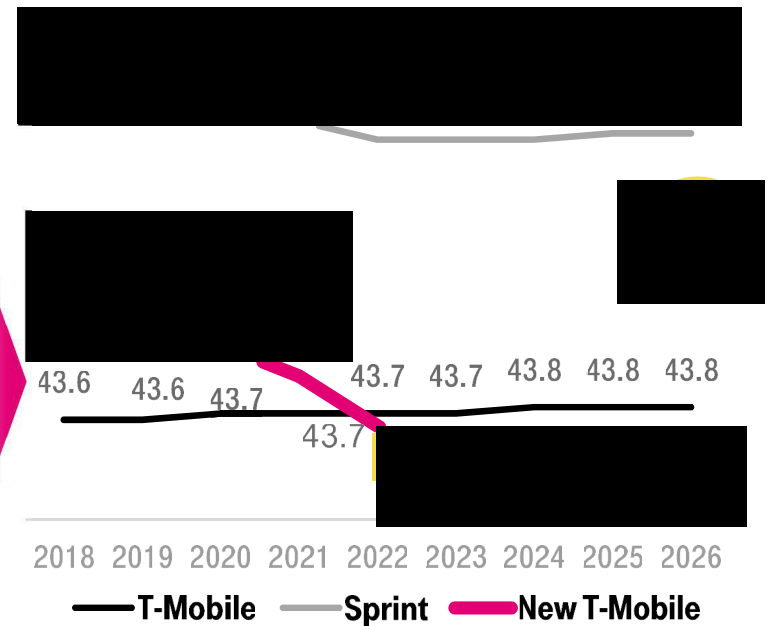


...Coupled with Massive Decrease in Price per GB...

Mobile Revenue
\$/GB



...Amount Customers Pay Will Decrease Even with Customers Getting Massively More Data



Low Costs and Significant Capacity Will Drive Incentive to Lower Prices

Merger leads to substantial marginal cost savings even under conservative assumptions

~\$1/subscriber/month
in non-network
cost savings

~\$3-7/subscriber/month
in network costs savings (higher
values are for T-Mobile)

Combined network will have substantially greater capacity than will the standalone networks, putting downward pressure on \$/GB

All else equal, lower marginal costs create incentives to lower prices because they make the marginal subscriber more profitable

Prepaid Customers and Cost-Conscious Consumers Will Benefit Equally, If Not More

- New T-Mobile prepaid customers will get:
 - Higher speeds, broader coverage and better quality on the same network as postpaid customers
 - More data at a lower cost due to the new network's massive capacity
 - Boost and Virgin subscribers will see the biggest improvements in coverage and performance, not to mention increased functionality and access to a larger handset ecosystem
- Prepaid customers are typically heavy users of data and thus may reap bigger benefits from improvements in network quality and lower prices than postpaid customers
- Cost-conscious customers – both prepaid and postpaid – will also benefit from the opportunity to replace their high-priced in-home wired broadband services with New T-Mobile's ultra fast, lower priced service

- **We are committed to prepaid:** 5 years after T-Mobile merged with MetroPCS, this prepaid brand has 2x more customers, 2x more stores, 3x more employees and 5x more markets served. And... a 10x increase in both data usage and speed
- **With increased capacity, New T-Mobile will have the ability to expand prepaid offerings** further and provide additional support for MVNOs, expanding the merger's benefits among other prepaid customers
- **Prepaid and cost-conscious subscribers of other carriers will also benefit** as Verizon, AT&T, TracFone and others lower prices, increase investment, and enhance service offerings to respond to New T-Mobile's prepaid offerings

Merger Analysis Using a Wide Range of Representative Data Shows Consumers Benefit

Best econometric estimates of diversion demonstrate that the merger is substantially pro-competitive

Although switching is not the same as diversion, all switching data based on representative samples demonstrate that the merger is pro-competitive

Unrepresentative porting data constitutes a clear outlier

Consumer Welfare Improvement Per Subscriber Per Month and Total Discounted Welfare Gain

Data Source	2019	2020	2021	2022	2023	2024	Total Lifetime Welfare Gain/Sub	Merger Good?
Baseline Case (ABH)								✓
ABH-Nested Logit								✓
HarrisX Mobile Insights								✓
Sprint Brand IQ Survey								✓
SoGA/SoDA Estimates								✓
Subscriber Shares								✓
Facebook Data								✓

Total Consumer Welfare Gain = \$359 Billion

Porting Data Only Captures █ % of Customers and Is Not Representative of the █ % Who Don't Port

62% of switchers do not port their numbers (and even higher for prepaid)

Porters display different switching behavior than non-porters; can't apply characteristics of porters to all switchers

Ordinary course documents show that both parties try to correct for porting data's biases

An additional potential problem with the porting data is that they do not contain the full universe of subscribers that switch providers in a given month, but rather only switchers who choose to keep their mobile wireless telephone numbers. This gives rise to potential sample selection bias, as those that port their mobile wireless telephone number may be a non-random sample of subscribers.

– FCC Staff Analysis and Findings, AT&T/T-Mobile Transaction, 11/29/2011

Rural Consumers Win Big with Broadband and Customer Service



In-Home Broadband Competition

31%

Current percentage of rural Americans lacking access to mid-speed broadband

20-25%

Percentage of New T-Mobile in-home broadband subscribers that will be located in rural areas in 2024

60M

60M rural Americans are at risk of being left behind as 5G wireless technologies arrive

T-Mobile 600 MHz, Sprint 2.5 GHz, and new cell site infrastructure, with approximately 84,000 macro cell sites blanketing the country, creates a deep & broad 5G experience for rural customers

By 2024...

- New T-Mobile will provide service to **59.4M** outdoor and **31M** indoor rural POPs out of **62M** available rural POPs
- New T-Mobile will offer download speeds of **25 Mbps** or greater over **2.4M** square miles to **52.2M** POPs in homes in rural America, corresponding to **84%** of rural POPs
- New T-Mobile is expected to have **~60%** higher incremental postpaid gross adds from rural areas than T-Mobile + Sprint standalone forecast, in addition to video and broadband subscriber growth
- New T-Mobile will open **600** new stores and create over **12,000** jobs to serve rural areas and small towns
- New T-Mobile 5G will force AT&T, Verizon and others to invest in building out rural networks

New T-Mobile Will Bring In-Home Broadband Competition and Massive Consumer Savings



In-Home Broadband Competition

- Broadband consumers suffer from the same poor and costly service that were the hallmarks of the wireless industry before we unleashed the Un-carrier strategy
- New T-Mobile's in-home broadband service will bring competition and choice – and save consumers a bundle!

6%

Percentage of Americans lacking access to in-home broadband (25+ Mbps)

30%

Percentage of Americans lacking choice for in-home broadband (0 or 1 option)

45%

Percentage of Americans lacking choice for high-speed broadband (100+ Mbps)

90%

Percentage of Americans to whom New T-Mobile's 5G network will deliver high-speed wireless broadband with speeds in excess of 100 Mbps by 2024; achieving 64% by 2021

9.5M

No. of subscribers to whom New T-Mobile is expected to provide in-home broadband by 2024, making New T-Mobile potentially the fourth largest Internet service provider in the U.S. by subscribership

\$13.65B

Amount in annual consumer savings Dr. Harold Furchtgott-Roth estimates could be produced by increased broadband competition enabled by the merger by 2024

Strong Support from Important and Diverse Interests

More than 160 organizations and advocates filed substantive letters or other materials in the FCC docket in support of the transaction. A sample of supportive voices is below:

