

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of:)	
)	
Applications of T-Mobile US, Inc.)	
)	WT Docket No. 18-197
and)	
)	
Sprint Corporation)	
)	
For Consent To Transfer Control of)	
Licenses and Authorizations)	

**SUPPLEMENTAL SUBMISSION IN SUPPORT OF
CARRIERX, LLC’S PETITION TO DENY**

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INTRODUCTION

CarrierX, LLC, d/b/a freeconferencecall.com (“Free Conferencing”) respectfully makes this filing to supplement its prior submission objecting to the proposed T-Mobile / Sprint merger (“Objection”).¹ Free Conferencing’s Objection highlighted a T-Mobile internal pricing policy that currently causes significant consumer harm, and the expansion of that harm that could result should the merger be approved if that policy stayed in place. Free Conferencing requested that the Commission, at minimum, condition the transfer of such licenses on the enforceable cessation of T-Mobile’s discriminatory “1-Cent” policy subject to the Commission’s continuing oversight over this transaction. After it submitted the Objection (and reply), Free Conferencing’s counsel obtained, over T-Mobile’s initial objection, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

SUMMARY

The discriminatory and deceptive pricing policy began in October 2016, when T-Mobile users that purchased the company’s unlimited voice plans attempting to reach Free Conferencing conferences, and similar calling applications encountered a recorded message that stated – falsely – that they called a telephone number not covered by their

¹ “T-Mobile” refers to T-Mobile US, Inc., “Sprint” refers to Sprint Corporation, and “Inteliquent” refers to Inteliquent, Inc. All emphasis is added.

plan and that they could avoid an additional 1-cent per minute charge by hanging up (hereinafter, the “1-Cent Policy”).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] At the same time, T-Mobile’s intermediate carrier, Inteliquent, predicted that “80% of our volume to FCC [Free Conferencing] destinations is expected to disappear” due to the policy.⁵ [REDACTED]

[REDACTED]

[REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

⁵ See Ex. D. Free Conferencing has obtained Court permission to disclose this internal Inteliquent document to the Commission.

[REDACTED]

There are now thousands of “out of plan” telephone numbers, which, if called, are subject to additional charges. The list of telephone numbers targeted continues to grow, without notice to consumers.

The 1-Cent Policy cannot be dismissed as a proprietary pricing policy. T-Mobile’s conduct is bold in its deception. For years, it has promoted itself as the “Un-Carrier,” claiming that consumers “don’t trust carriers” because most have been “offered a good deal . . . only to have their rates raised later” and that T-Mobile, was different than all the rest.⁷ At the same time T-Mobile was quietly rolling out the 1-Cent Policy, T-Mobile aggressively marketed its own plans as providing “unlimited talk, text, and data at an unbeatable price.”⁸ T-Mobile’s marketing targeted the same socioeconomic groups that rely upon the use of free calling applications. Yet, it is now clear that T-Mobile (and its partner) launched the 1-Cent Policy solely to stop its customers from making calls—*i.e.*, T-Mobile sold consumers unlimited calling only to subsequently limit their calls. This is classic bait and switch, and it should be of the utmost concern to the Commission when determining whether the “New T-Mobile” will serve the public interest. Making matters worse, T-Mobile has provided consumers

[REDACTED]

[REDACTED] At present, the policy targets about 80% of all of Free Conferencing’s telephone numbers.

⁷ See <https://www.t-mobile.com/news/uncontract-carrier-freedom>

⁸ See, *e.g.*, <https://www.t-mobile.com/offers/essentials-unlimited-plan>

with a false justification for the policy and selectively uses the policy to target only certain rural carriers that connect calls to Free Conferencing.

Free Conferencing filed its Petition to Deny Merger on August 27, 2018. In it, Free Conferencing details the consumer harm caused by the 1-Cent Policy and certain routing practices of T-Mobile and its partner, Inteliquent.⁹ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The Commission should either deny the transfer of licenses and/or authorizations from Sprint to T-Mobile or condition the merger on the enforceable cessation of the 1-Cent Policy.

BACKGROUND

I. Procedural Background

Free Conferencing has particular insight into the 1-Cent Policy because its business is one of the primary targets of the policy. Separately, it is engaged in litigation with T-Mobile's exclusive vendor, Inteliquent, in the United States District Court for the Northern District of Illinois. In that matter, Free Conferencing obtained Court permission to disclose certain internal Inteliquent documents to the Commission,

⁹ Free Conferencing also filed a Reply in support of its Petition to Deny on October 31, 2018.

many of which were included in Free Conferencing's Petition to Deny Merger. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

T-Mobile next objected to Free Conferencing's outside counsel having access to the stamped confidential and highly confidential information T-Mobile provided to the Commission in this proceeding.¹¹ After the Wireless Telecommunications Bureau indicated that it was likely to reject the objection, T-Mobile withdrew it, and Free Conferencing was permitted to review T-Mobile's confidential and highly confidential information.¹²

T-Mobile has conspicuously dodged any discussion of the 1-Cent Policy throughout this proceeding. In fact, T-Mobile has not once offered a rebuttal to the

¹⁰ [REDACTED]

¹¹ According to T-Mobile's objection, Free Conferencing is the **only** participant in the proceeding for which T-Mobile has sought to deny access to its confidential and highly confidential information.

¹² T-Mobile withdrew its objection on October 30, 2018, the day before Free Conferencing's Reply in support of its Petition to Deny was due to be filed.

merits of Free Conferencing's Petition to Deny Merger.¹³ The Commission should not permit T-Mobile to escape scrutiny for the consumer harm inflicted by the 1-Cent Policy, [REDACTED]

Additionally, T-Mobile evaded questions from and provided false information to Congress when asked about the 1-Cent Policy. In particular, T-Mobile CEO John Legere sidestepped questions about the 1-Cent Policy during a public hearing on the merger held by the U.S. House Committee on the Judiciary Subcommittee on Antitrust, Commercial and Administrative Law. Upon being asked about price increases Sprint customers would incur as a result of 1-Cent Policy, Mr. Legere refused to provide an answer, electing instead to follow up with a written response. Weeks later, T-Mobile submitted false and misleading information to Congress about the 1-Cent Policy, as discussed further below.

II. Factual Background

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

¹³ T-Mobile has addressed Free Conferencing's petition only to the extent of claiming (in a footnote) that Free Conferencing lacks standing to participate in this proceeding. This claim, as addressed in Free Conferencing's Reply, is utterly baseless.

¹⁴ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Internally, Inteliquent refers to these LECs as “high cost destinations,” “high cost codes,” or “Free Conferencing destinations.”

Within three months of signing the Agreement, Inteliquent knew that the rates it had negotiated were not going to generate the financial performance it had forecasted. On September 25, 2015, Inteliquent’s then CEO sent an email to senior managers asking, “Are the [T-Mobile] economics coming in as forecast?” In response, he was told that profits were at least \$2 million short of what Inteliquent had forecasted, and that the cause of the delta was the high cost of carrying an unanticipated volume of calls to Free Conferencing.¹⁷ By February 2016, Inteliquent’s CEO predicted that the Agreement was

¹⁵ [REDACTED]

¹⁶ [REDACTED]

¹⁷ See Ex. J. Free Conferencing has obtained Court permission to disclose this internal Inteliquent email to the Commission.

“going to potentially cost[] [Inteliquent] \$6-\$9MM in EBITDA” and asked his team for their “mundane to crazy hair ball ideas” on how they could “make up for this lost” [sic].¹⁸ Meanwhile, Inteliquent’s Board of Directors had become so fixated on Free Conferencing that it actually made one of its CEO’s “2016 Performance Objectives” to reduce the traffic to Free Conferencing by more than one half.¹⁹

On March 23, 2016, Inteliquent’s CEO wrote that “TMO [T-Mobile] is very aligned with us in finding a profitable solution,” and that during the week prior Inteliquent and T-Mobile had “discuss[ed] options to improve the current high costs [sic] destination codes,” including:

Limit[ing] the number of high destination codes by 50% by TMO [T-Mobile] cutting off the first minute of this traffic. The goal would be to eventually eliminate as much as 80% by forcing those calls to listen to a recording asking for a credit card to continue the call.²⁰

The next week Inteliquent informed T-Mobile that it was “currently developing a series of strategies/initiatives to more aggressively work with you to contain the volume of traffic to high cost codes,” stating further “**I am sure that our collaborative efforts will yield a reduction in volume to these codes.**”²¹ A week later, Inteliquent presented a PowerPoint presentation to T-Mobile, in which it formally recommended implementing

¹⁸ See Ex. K. Free Conferencing has obtained Court permission to disclose this internal Inteliquent email to the Commission.

¹⁹ See Ex. L. Free Conferencing has obtained Court permission to disclose this internal Inteliquent document to the Commission.

²⁰ See Ex. M. Free Conferencing has obtained Court permission to disclose this internal Inteliquent email to the Commission.

²¹ See Ex. N. Free Conferencing has obtained Court permission to disclose this internal Inteliquent email to the Commission.

the 1-Cent Policy and several other measures designed to stop or reduce traffic to “high cost codes,” [REDACTED]

[REDACTED]

In April 2016, T-Mobile and Inteliquent amended their Agreement. Under the Amendment, T-Mobile provided Inteliquent with financial relief in the form of relinquishing credits (“PRCs”), but only so long as the volume of calls to certain “high cost destinations” remained above a designated volume threshold.²³ If, and when, Inteliquent and T-Mobile *lowered the volume of calls* to “high cost destinations” below that volume threshold, Inteliquent would once again pay T-Mobile credits. Thus, T-Mobile was financially incentivized to reduce the volume of calls to these destinations.

With both parties fully incentivized to stop calls, they focused on isolating the telephone numbers, and competitive LECs (“CLECs”), to identify as “out of plan” and implemented the 1-Cent Policy.

III. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

²² See Ex. O. Free Conferencing has obtained Court permission to disclose this internal Inteliquent document to the Commission.

²³ See Ex. P. The amendment to the Agreement is publically available in redacted form through the Securities and Exchange Commission.

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

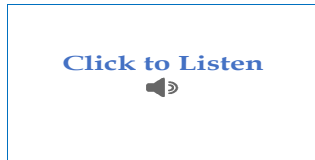
[REDACTED]

Inteliquent, meanwhile, declared that **“80% of our volume to FCC [Free Conferencing] destinations is expected to disappear”** due to the 1-Cent Policy and that the **“T-Mobile**

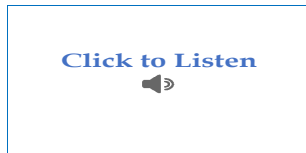
24 [REDACTED]
25 [REDACTED]
26 [REDACTED]

Deal will become profitable."²⁷ [REDACTED]

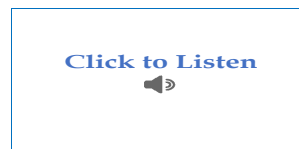
The 1-Cent Policy went into effect on October 5, 2016. At that time, and without any warning to consumers, it was decided that a T-Mobile customer who is a subscriber of a T-Mobile *post-paid* mobile phone plan, receiving unlimited calling for a monthly fee, could no longer make calls to specified Free Conferencing telephone numbers (as well as a few other targeted services) unless they agreed to pay an additional charge of \$0.01 per minute. When subscribers called these numbers, their call was—and still is—interrupted with a recorded message telling them that they have called a number that is not covered by their unlimited plan, and that they can avoid the \$0.01 per minute additional charge by hanging up. This is the recording *post-paid* T-Mobile subscribers hear:



Meanwhile, as of October 5, 2016, consumers with T-Mobile unlimited *pre-paid* calling plans have been completely blocked from making calls to these telephone numbers unless they purchase a special plan. This is the recording *pre-paid* subscribers hear:



The T-Mobile MetroPCS brand subscribers are also subject to the 1-Cent Policy. This is the recording MetroPCS subscribers hear:



²⁷ See Ex. D. Free Conferencing has obtained Court permission to disclose this internal Inteligent document to the Commission.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

28 [REDACTED]

29 [REDACTED]

IV. [REDACTED]

After launching the 1-Cent Policy, T-Mobile told customers with unlimited calling plans (and Congress) that “[t]hese calls have always been considered out-of-plan.”³⁰ In truth, the calls were never—and still are not—considered “out-of-plan” in any T-Mobile promotional material, terms of service, or contract. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] But even through today, T-Mobile has never had a calling plan or term of service that provides a description of or even mentions “out-of-plan” numbers. [REDACTED]

[REDACTED]

[REDACTED]

T-Mobile also provides no notice to existing customers or consumers as to which telephone numbers have been or will be deemed “out-of-plan” and thus subject to the additional per minute charge. There is, therefore, no way for consumers to know prior to signing up for T-Mobile’s so-called “unlimited plan” the extent to which it is actually limited. Similarly, there is not notice to subscribers after they have signed a multi-year

³⁰ T-Mobile has since removed this assertion from its “Out-of-plan phone numbers” page on its website.

³¹ [REDACTED]

³² [REDACTED]

contract about the expansion of the “out-of-plan” numbers. Instead of providing consumers with advance notice, T-Mobile deliberately and deceptively waits until they are subscribers (and signed contracts) and dial an “out-of-plan” number to inform them of the extra charge, [REDACTED] This is precisely the sort of misguided and anti-consumer practice that the Commission should not tolerate and allow to spread to Sprint’s customers, and why, it cannot be summarily dismissed as an internal pricing policy.

[REDACTED] T-Mobile claims that the policy is applied to calls that “tend to cost more for T-Mobile to complete and this helps us to manage those costs.”³³ This is patently untrue and the Commission can now see this for itself.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

³³ See <https://support.t-mobile.com/docs/DOC-33322>

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In response to questions posed to its CEO, John Legere, by members of the U.S. House Committee on the Judiciary Subcommittee on Antitrust, Commercial and Administrative Law, T-Mobile stated the following:³⁵

The “out-of-plan” or OOP program provides an important safeguard for consumers that we would continue following the merger.

Some companies inflate or “pump” traffic for their own financial benefit. These companies partner with a high-cost provider in return for kickbacks. In 2012, the FCC described these practices as arbitrage that raises costs, hurts consumers, and requires customers who don’t use the services to pay for them. T-Mobile’s OOP program exists to defray the costs created by companies whose business model is to stimulate large call

³⁴ [REDACTED]

³⁵ See Ex. W.

volumes to higher-cost connections. Our OOP program ensures that T-Mobile does not pass along these high costs onto the vast majority of customers who are not interested in them, while at the same time allowing the less than one percent of customers that want these services to get them at a one cent charge.

T-Mobile has always been clear that its plans that include talk and text offer unlimited direct communications between two people, so calls to chat lines, radio broadcast lines, and similar services may not be included in our plans. Fewer than three out of every 1,000,000 telephone numbers are included in our OOP Program. Customers who do want to call a number in the OOP program are notified of the \$0.01 per minute charge when they dial but before they incur the charge. Those terms are clearly disclosed online and in our terms and conditions (see T-Mobile Support, Out-of-plan phone numbers, <https://support.t-mobile.com/docs/DOC-33322>; T-Mobile Terms and Conditions, <https://www.t-mobile.com/responsibility/legal/terms-and-conditions>), so consumers can consider them before signing up for one of our plans.

These statements are untrue:

- The 1-Cent Policy, or “out-of-plan program” does not safeguard consumers. Rather, it discriminates against a class of consumers that use, even rely on, free calling applications for work, news, information, and communications with friends and family.
- [REDACTED]
- Consumers are *not* made aware of which telephone numbers are considered “out of plan” and thus subject to an additional charge if called before signing up for a T-Mobile plan. There is no list of telephone numbers that are “out of plan” available for public consumption. [REDACTED]
- T-Mobile refuses to publicly identify the number of telephone numbers it deems “out of plan.” [REDACTED]

[REDACTED]

In sum, under the pretext that it costs more to complete the call, the 1-Cent Policy is used to discriminate against (1) consumers who rely on free calling applications; and (2) the local exchange carriers that do business, and often times rely on its business relationships with these services. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

36

37

[REDACTED]

[REDACTED] As an example, when calls to particular Free Conferencing numbers were terminated by Inteliquent, T-Mobile subscribers were spared the additional per minute charge. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

T-Mobile's lies that the 1-Cent Policy is a cost driven pricing policy are highlighted further by its refusal to directly connect to Free Conferencing's network. T-Mobile offered to "remove" the additional 1-cent charge from Free Conferencing's conference call telephone numbers if Free Conferencing agreed to connect with T-Mobile at no cost. Free Conferencing agreed to this proposal *if it was reciprocal* — meaning calls could be sent from Free Conferencing (and its voice carrier HD Tandem) through T-Mobile at no cost. T-Mobile, a regulated bill-and-keep carrier, refused a reciprocal arrangement. T-Mobile's true interest, thus, is using the 1-Cent Policy to harm consumers, rural carriers and free calling applications, not to offset costs.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

V. Consumer Harm³⁹

[REDACTED]

[REDACTED] However, since it was implemented, Free Conferencing is aware of at least 24,000 unique telephone numbers that incur the additional charge when called by T-Mobile subscribers. At present the 1-Cent Policy targets about 80% of all of Free Conferencing's telephone numbers.

[REDACTED]

[REDACTED] But there is no question that T-Mobile received thousands of complaints because Free Conferencing has gotten over

³⁸ [REDACTED]

³⁹ In its Petition to Deny Merger and Reply, Free Conferencing details the consumer harm caused by the 1-Cent Policy. This supplemental filing is intended to provide information gleaned from T-Mobile's own documents.

⁴⁰ [REDACTED]

15,000 customer complaints from T-Mobile subscribers affected by the policy. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] During the first month of the policy, traffic from consumers of T-Mobile services to Free Conferencing was reduced by 70%. As of today, Free Conferencing receives at least 40% fewer calls (and minutes of use) from T-Mobile subscribers, and has at least 60% fewer T-Mobile users, than compared to the time period before the 1-Cent Policy was implemented.

[REDACTED]

[REDACTED] the 1-Cent Policy disproportionately harms poor

⁴¹ See Ex. Z and Ex. AA, at TMUS-FCC-06816290.

⁴² See Ex. BB.

communities who T-Mobile has attracted by aggressively marketing its low-cost unlimited plan. The policy also harms consumers who rely on organizations that typically use free conference calling services, such as illness and addiction support groups, religious organizations, veteran groups, and political campaigns. Lastly, it harms rural consumers who benefit from enhanced services that rural CLECs have been able to provide by virtue of servicing high call volume customers.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] As highlighted above, T-Mobile refused to agree to a reciprocal bill-and-keep arrangement with Free Conferencing (and its voice carrier HD Tandem).

Finally, T-Mobile has decided to take an intercarrier compensation issue in its own hands with the 1-Cent Policy and employ “self-help.” [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

VI. Removal Of The 1-Cent Policy

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] T-Mobile has attracted customers, who use “free” services, by actively promoting its low-cost “unlimited” calling plan, only to prevent them from making unlimited calls. This is the epitome of consumer deception. It further violates several of the Commission’s Orders, which have held that carriers may not block or restrict traffic and that such a practice is unjust and unreasonable under section 201(b) of the Communications Act.⁴⁴

The 1-Cent Policy is precisely the sort of practice the Commission should address when considering whether the merger of the 3rd and 4th largest telecom companies in the United States will serve the public interest. There is a real risk that the proposed transaction will subject Sprint’s 54 million subscribers to the policy and they too will be coerced to stop using services for which they have paid. This threat of harm to Sprint’s subscribers is particularly apparent given that “New T-Mobile” will be run by T-Mobile’s current executives and that Boost Mobile, a Sprint subsidiary, recently adopted

⁴⁴ See e.g., *Call Blocking by Carriers*, WC Docket No.07-135, Declaratory Ruling and Order, 22 FCC Rcd 11629, 11629, paras 5,6 (WCB 2007) (2007 Declaratory Ruling).

a call reduction plan almost identical to the 1-Cent Policy, which targets Free Conferencing.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

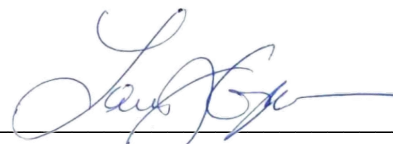
[REDACTED]

CONCLUSION

For the reasons set forth above, Free Conferencing respectfully requests that the Commission not approve the transfer of licenses and/or authorizations from Sprint to T-Mobile. Alternatively, Free Conferencing requests that the Commission condition the transfer of such licenses on the enforceable cessation of T-Mobile's 1-Cent Policy subject to the Commission's continuing oversight over this transaction.

Respectfully submitted,

May 29, 2019

A handwritten signature in blue ink, appearing to read "Lauren J. Coppola", is written over a horizontal line.

Lauren J. Coppola

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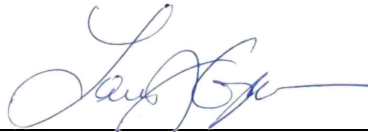
CERTIFICATE OF SERVICE

I, Lauren J. Coppola, hereby certify that on May 29, 2019, I caused a true and correct copy of the foregoing Supplemental Submission in Support of CarrierX, LLC's Petition to Deny to be served by electronic mail and/or First Class Mail upon the following:

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Lauren J. Coppola

EXHIBIT A

EXHIBIT B

EXHIBIT C

EXHIBIT D

Positive Future with minimal FCC traffic?

- ▶ T-Mobile is going to meter the traffic
 - ▶ Similar to checking the “I’m not a robot” button
- ▶ 80 % of our volume to FCC destinations is expected to disappear
- ▶ T-Mobile Deal will become profitable

EXHIBIT E

EXHIBIT F

EXHIBIT G

EXHIBIT H

EXHIBIT I

EXHIBIT J

From: John Schoder
Sent: Friday, September 25, 2015 5:00 PM
To: Matt Carter
Cc: Dave Lopez; Ruchi Ghai; Emily Naylor
Subject: RE: T-Mobile

It is primarily due to the fact that we accepted the LD traffic early and we agreed that they could bring forward AHT turnup in Ameritech region (which is less attractive to us than VZ or CentLink region) to accommodate their switch cut-over. Both can be considered good will gestured that were vetted by the management team.

The ongoing drag is that the profile of the LD traffic weighs more heavily towards high cost codes such as Free Conferencing's entities than the traffic profile TMO provided.

-----Original Message-----

From: Matt Carter
Sent: Friday, September 25, 2015 4:50 PM
To: John Schoder <jschoder@inteliquent.com>
Cc: Dave Lopez <dlopez@inteliquent.com>; Ruchi Ghai <rghai@inteliquent.com>; Emily Naylor <enaylor@inteliquent.com>
Subject: Re: T-Mobile

And the the negative delta is caused by....?

Cordially,

Matt Carter,
CEO
Inteliquent, Inc.
550 West Adams St
Chicago, IL 60661
mcarter@inteliquent.com

> On Sep 25, 2015, at 2:45 PM, John Schoder <jschoder@inteliquent.com> wrote:

>

> If you are asking as it relates to the business case, currently the answer is no.

> I had a call earlier this afternoon with Emily and a number of other folks where we looked at the latest forecast vs. the business case. We started the meeting with a (\$5M) margin delta to the original case. By layering on variable and fixed cost savings we are working on as well as refining assumptions around wholesale LD we improved the case so that we are now looking at a (\$2M) delta.

>

> We will continue to work on initiatives to try and close that gap. Several are identified but it is too early to assign numbers to.

>

> Copying Emily in case she has something to add.

>

> -----Original Message-----

> From: Matt Carter

> Sent: Friday, September 25, 2015 4:05 PM
> To: John Schoder <jschoder@inteliquent.com>; Dave Lopez <dlopez@inteliquent.com>; Ruchi Ghai
> <rghai@inteliquent.com>
> Subject: T-Mobile
>
> John
>
> Are the TMO economics coming in as forecasted?
>
> Cordially,
>
> Matt Carter,
> CEO
> Inteliquent, Inc.
> 550 West Adams St
> Chicago, IL 60661
> mcarter@inteliquent.com
>

EXHIBIT K

From: John Schoder
Sent: Friday, February 12, 2016 2:34 PM
To: Julien Nordstrand; Alissa Clousing
Subject: Fwd: Peering

We need to discuss.

Begin forwarded message:

From: Matt Carter <mcarter@inteliquent.com>
Subject: Peering
Date: February 11, 2016 at 5:59:53 PM MST
To: Michelle Owczarzak <mowczarzak@inteliquent.com>, Kurt Abkemeier <KAbkemeier@inteliquent.com>, Richard Monto <rmonto@inteliquent.com>, Dave Lopez <dlopez@inteliquent.com>, Ian Neale <ineale@inteliquent.com>, John Harrington <jharrington@inteliquent.com>, John Schoder <jschoder@inteliquent.com>, John Bullock <jbullock@inteliquent.com>, Brett Scorza <bscorza@inteliquent.com>, Frank Cefali <fcefali@inteliquent.com>, Emily Naylor <enaylor@inteliquent.com>

As it relates to peering, I understand we have no direct control over this outcome. If TMO is going to potentially costs us \$6-\$9MM in EBITDA, what are the alternative solutions we are looking at to make up for this lost? I think we should at least identify, from the mundane to crazy hair ball ideas, how to chip away at this variance. This does not mean we will sign up as a commitment for low probability initiatives but I don't think we should accept as a given this outcome either.

Sent from my iPhone

EXHIBIT L

From: Matt Carter
Sent: Wednesday, June 15, 2016 9:30 AM
To: Brett Scorza; Kurt Abkemeier; Emily Naylor; John Bullock; John Harrington; Suzette Dolter; Michelle Owczarzak; Dave Lopez; John Schoder; Jon Clopton; Jeff Carney; Richard Monto; Imad Ajarmeh; Eric Carlson; Arthur Fox; Alissa Clousing; Becky Row; Grace Piercy; Julien Nordstrand; Ian Neale
Subject: CEO Performance Objectives
Attachments: image001.jpg; image002.jpg; image003.jpg; 2016 CEO PERFORMANCE OBJECTIVES.docx

As we close out the first half of the year, I want to remind everyone of the performance commitments that we made to the Board. Please revisit the attached performance objectives that I shared with the Board and make sure that your teams are intensely focused on delivering on the stated objectives. We are making good progress against these objectives but need to double down more to ensure attainment of ALL stated objectives. Although the attached is called the 'CEO Performance Objectives', it really is the collective objectives of the senior management team of which all of you are considered to be part of.

Thanks for all your hard work and let's exceed our own expectations. Thanks



Matt Carter
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- Sign one multi-year TMO like agreement with major carrier and/or explore an acquisition of a key strategic asset.
 - Drive towards a decision among key decision-makers at a least one targeted customers on outsourcing large volume of their voice MOUs for our IaaS offering (Infrastructure as a Service)
 - Share a comprehensive acquisition growth plan that details potential target companies, impact on Inteliquent's valuation and stock price

- **FINANCIAL**

- Achieve 2016 base budget plan approved by Board:
 - i. Revenue of \$384.3MM, EBITDA of \$90.2MM and FCF of \$63.5MM.
- Implement robust data analytic tools to improve pricing and margin optimization.
 - i. Reduce impact of Free Conference Call high destination costs from 14.5% of total TMO traffic to exit rate for the year of 6.5%
 - ii. Improve variable margin from current 2016 budget projection of 54.1% to 60.0%
- Re-engage investors in the Inteliquent "growth" story that builds confidence among shareholders in our stock.
 - i. Participate in at least seven key industry investor conferences
 - ii. Rewrite current investor presentation deck
 - iii. Add 3 new analyst to cover Inteliquent

EXHIBIT M

From: Matt Carter
Sent: Wednesday, March 23, 2016 1:20 PM
To: Dave Lopez; Michelle Owczarzak; Ian Neale
Subject: TMO Update
Attachments: image003.jpg; image004.jpg; image005.jpg

Michelle/Dave/Ian

Please review. I need to get this out to the Board today. Thanks

All

This is a quick update on our ongoing negotiations with TMO and other related EBITDA impacting activities.

Last week the team met with TMO to discuss options to improve the current high costs destination codes and understanding their timeline on peering. The options that are under consideration are:

1. Implement a cost+ model whereas we charge above the costs to protect ourselves from unprofitable traffic.
2. Limit the number of high destination codes by 50 % by TMO cutting off the first minute of this traffic. The goal would be to eventually eliminate as much as 80% by forcing those calls to listen to a recording asking for a credit card to continue the call.
3. Give us their 800 traffic with no spiff. This is an option from their perspective to help make up some of the unprofitable traffic.

We also discussed their intentions around peering. They made it perfectly clear they want to accelerate their peering relationships. TMO is working with Verizon but indicated to us that they don't expect it to move as quickly as we had initially perceived . We could see an acceleration late 2017-2018.

TMO is very aligned with us in finding a profitable solution. Our deliberations continue and we hope to have some resolution in the next few weeks. We have seen some improvement in the numbers with TMO since our last Board meeting in the tunes of \$2MM. We will provide a more robust update at the April Board meeting. If you have any questions, please do not hesitate to reach out.



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EXHIBIT N

From: Dave Lopez
Sent: Thursday, March 31, 2016 9:59 AM
To: John Schoder
Cc: Tim Schneberger; Frank Cefali; Ian Neale
Subject: FW: T-Mobile - Inteliquent: Inter MTA Traffic Termination

John,

Not sure anybody shared the below email with you, but we committed to send some details on high volumes codes to Manoj and Mike early next week.

Thanks.

dave

From: Ian Neale
Sent: Tuesday, March 29, 2016 3:19 PM
To: Kumar, Manoj
Cc: Dave Lopez; Frank Cefali; Brett Scorza; Johnson, Thomas; Taylor, Mike (Operations)
Subject: RE: T-Mobile - Inteliquent: Inter MTA Traffic Termination

Mike, Manoj,

Further to Manoj's email and my conversation with Mike last Friday I am pleased to formally confirm Inteliquent's acceptance of the offer that Manoj outlines in his email below, I really appreciate you both working with us on this issue.

As I discussed with Mike on Friday, we are currently developing a series of strategies/initiatives to more aggressively work with you all to contain the volume of traffic to high costs codes, we plan to have a document finalized that we can share with you both early next week. I am confident that we will bring much more focus to this issue going forward and I am sure that our collaborative efforts will yield a reduction in volume to these codes.

With regard to the routing of the 8YY and Domestic LD traffic to Inteliquent, should I wait until Manoj returns from his vacation to progress this with him or should we have Frank work with TJ to finalize plans to re-route this traffic?

Finally, should we put an addendum together like last time to cover these changes? Rich Monto can put an initial draft together if that works for you all.

Cheers, Ian.



Ian Neale
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EXHIBIT O

Recommendations

- T-Mobile lowers the long call duration threshold below 4 hours. Can T-Mobile lower this for traffic to identified high cost codes only?
- On all traffic to high cost codes, T-Mobile or Inteliquent inserts a whisper message warning the caller and forcing them to enter a digit before the call is allowed to go through.
- On all traffic to high cost codes, T-Mobile inserts a whisper message that the number is not in the callers calling plan, advising that a transactional per min rate will apply, redirecting the call so that the callers credit card details can be entered before the call is completed.
- T-Mobile considers not offering service to the access stimulation abusers who only dial high cost codes and few or no other destinations.
- T-Mobile creates a high cost destination pricing plan.
 - Notify the biggest access stimulation abusers with more than 100 minutes of usage that they will be switched to a higher cost destination plan because of their calling profile.
- T-Mobile to provide geographic location data to IQNT for the traffic days March 25 and March 30 to enable IQNT to correlate the geographic origin of the TN only making calls to High Cost codes to help pinpoint SIM bypass abuse.

EXHIBIT P

EX-10.1 2 iqnt-ex101_233.htm EX-10.1

Exhibit 10.1

CONFIDENTIAL TREATMENT REQUESTED
BY INTELIGENT, INC.

From: Ian Neale
Sent: Saturday, April 23, 2016 9:26 AM
To: 'Taylor, Mike (Operations)'; Dave Lopez; Kumar, Manoj; Williams, Dan (Legal)
Subject: RE: Amendment Language

Mike,

Thanks for your email confirming the change of terms relating to your [***] and [***]service traffic, we agree that your email reflects recent discussion on these matters.

We appreciate you working with us on these issues and look forward to our on-going partnership with T-Mobile.

Cheers, Ian.

From: Taylor, Mike (Operations)
Sent: Saturday, April 23, 2016 3:06 AM
To: Ian Neale; Dave Lopez
Cc: Kumar, Manoj ; Williams, Dan (Legal)
Subject: Amendment Language

Ian/Dave,

T-Mobile has agreed to provide following to Inteliquent:

- PRC Free [***] minutes from [***] to [***].
- Additional [***] minutes by [***]
- [***] additional [***]by [***]
- During any month between [***] through [***], if high cost destination traffic falls below under [***] % of (total [***]traffic) then Inteliquent will pay PRC for [***] minutes for that month
- T-Mobile agrees to following definition for Excess Outbound 8YY Service MOUs:
 - o Excess Outbound 8YY Service MOUs: **If PRC Free [***] is applicable**
§ The total Outbound 8YY Service MOUs in a given month minus [***] MOUs minus the total Outbound IntraMTA Service MOUs in that month divided by [***].
 - o Excess Outbound 8YY Service MOUs: **If PRC Free [***] is not applicable**
§ The total Outbound 8YY Service MOUs in a given month minus the total Outbound IntraMTA Service MOUs in that month divided by [***]

Please let me know if you have any question.

Thanks,
-Mike

[* * *] The confidential content of this Exhibit 10.1 has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT Q

EXHIBIT R

EXHIBIT S

EXHIBIT T

EXHIBIT U

EXHIBIT V

EXHIBIT W

Mr. John Legere, Chief Executive Officer and President, T-Mobile US

The Honorable Jim Sensenbrenner (R-WI)

1. During the course of the hearing, there was confusion about whether data submitted by T-Mobile's economists demonstrated that prices would rise should the merger with Sprint be completed. T-Mobile has claimed that its economists' data has been misinterpreted. Can you provide additional information concerning this issue?

Response: T-Mobile's economists have documented that consumers will benefit from competition and lower prices under conservative assumptions and considering a wide range of different data sources. There is nothing ambiguous or unclear about this showing. The only confusion is caused by false statements by DISH that have been parroted by Free Press and others.

As we show in our submissions to the FCC on December 18, 2018, February 7, 2019, and March 14, 2019, DISH has repeatedly misinterpreted and mischaracterized our economic analyses. Our analyses have been rigorous, in line with academic literature, and based on actual detailed consumer behavior data. DISH's criticisms, however, have been incomplete and internally inconsistent and ignore fundamental demand estimation and merger simulation methods. Moreover, as we showed in our March 14, 2019 submission to the FCC, DISH has presented an economic study that fabricates harms on low income consumers where none exist. We have called for the FCC to exclude that report from the record because of the serious false statements it contains.

Mr. John Legere, Chief Executive Officer and President, T-Mobile US

The Honorable David N. Cicilline (D-RI)

1. During the hearing, I shared a concern regarding T-Mobile's current policy of "Out-of-Plan" domestic phone numbers, where T-Mobile Unlimited customers are charged an incremental penny-per-minute for dialing a phone number that has been deemed by T-Mobile to be "Out-of-Plan."

I have concerns that T-Mobile continues to be the only wireless or wireline provider with such a policy, and it seemingly targets specific calling applications, such as FreeConferenceCall.com. The lack of consumer information of this pricing policy is a slippery slope that can seemingly lend itself to frequently increasing the pool of "Out-of-Plan" numbers, a de-facto price increase. It's also my understanding that there is no public notice as to which telephone numbers are "Out-of-Plan" and why such telephone numbers are "Out-of-Plan" and thus, such price increases appear to be done without notice to consumers.

In your testimony, you underscored a going-forward business plan to freeze price increases, and also that the "New T-Mobile" would honor pricing arrangements that pre-exist with Sprint, both on the consumer side, as well as wholesale arrangements such as roaming and MVNO contracts.

Considering your repeated commitments on these issues, will New T-Mobile continue its "Out-of-Plan" domestic phone numbers for Unlimited customers, since Sprint does not have this pricing policy in place today?

Response: The "out-of-plan" or OOP program provides an important safeguard for consumers that we would continue following the merger.

Some companies inflate or "pump" traffic for their own financial benefit. These companies partner with a high-cost provider in return for kickbacks. In 2012, the FCC described these practices as arbitrage that raises costs, hurts consumers, and requires customers who don't use the services to pay for them. T-Mobile's OOP program exists to defray the costs created by companies whose business model is to stimulate large call volumes to higher-cost connections. Our OOP program ensures that T-Mobile does not pass along these high costs onto the vast majority of customers who are not interested in them, while at the same time allowing the less than one percent of customers that want these services to get them at a one cent charge.

T-Mobile has always been clear that its plans that include talk and text offer unlimited direct communications between two people, so calls to chat lines, radio broadcast lines, and similar services may not be included in our plans. Fewer than three out of every 1,000,000 telephone numbers are included in our OOP

Program. Customers who do want to call a number in the OOP program are notified of the \$0.01 per minute charge when they dial but before they incur the charge. Those terms are clearly disclosed online and in our terms and conditions (see T-Mobile Support, Out-of-plan phone numbers, <https://support.t-mobile.com/docs/DOC-33322>; T-Mobile Terms and Conditions, <https://www.t-mobile.com/responsibility/legal/terms-and-conditions>), so consumers can consider them before signing up for one of our plans.

As explained in our pricing commitment, New T-Mobile will honor its current plans, and Sprint's current plans, for the next three years.

Mr. John Legere, Chief Executive Officer and President, T-Mobile US

The Honorable Ted W. Lieu (D-CA)

1. What is the purpose of the “out-of-plan number program”?

Response: The “out-of-plan” or OOP program provides an important safeguard for consumers. T-Mobile’s OOP program exists to defray the costs created by companies whose business model is to steer call volume to higher cost connections. These companies partner with a high-cost provider in return for kickbacks. In 2012, the FCC described these practices as arbitrage that raises costs, hurts consumers, and requires customers who don’t use the services to pay for them. Our OOP program ensures that T-Mobile does not pass along the high cost incurred by these kinds of services onto the vast majority of customers who are not interested in them, while at the same allowing the less than one percent of customers that want these services to get them at a one cent charge.

2. How are “out-of-plan” numbers different from numbers that are included in your plans?

Response: T-Mobile’s OOP program covers numbers, called by a very small portion of T-Mobile customers, that are not identified with a person, but rather with a chat line or similar service, and impose additional, higher costs on T-Mobile and its customers.

3. How many telephone numbers are deemed “out-of-plan” by T-Mobile?

Response: Fewer than three out of every 1,000,000 telephone numbers are included in our OOP Program.

4. Does T-Mobile notify consumers of which telephone numbers are deemed “out-of-plan” prior to signing contracts with T-Mobile?

Response: Yes. Customers are notified which telephone numbers are identified as “out-of-plan” in T-Mobile’s disclosures, and customers are given further specific notice upon dialing any of those numbers.

5. How are numbers deemed “out-of-plan”?

Response: T-Mobile determines which numbers are out of plan by considering the costs associated with calls to that number and other characteristics (e.g., abnormally high call durations).

EXHIBIT X

EXHIBIT Y

EXHIBIT Z

EXHIBIT AA

EXHIBIT BB

EXHIBIT CC