Let Freedom Ring, Inc.

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Colin A Hanna, President

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As a longtime Sprint mobile service subscriber, I am writing in favor of the proposed merger between Sprint and T-Mobile.

Most of the arguments I have seen against this merger claim that, by combining two competitors, the merger would reduce competition in this dynamic market. I don’t believe that is the case. In fact, I think such objections are short-sighted.

There are four major players in the mobile communications market: Verizon, AT&T, T-Mobile and Sprint. The first two are each more than double the size of the third and fourth. If Sprint and T-Mobile do merge, their merged customer base would still be in third place, but of a similar order of magnitude.

One of the major future events in the mobile communications market is the adoption of 5G technology. Implementing it will require enormous amounts of capital. While Verizon and AT&T can be expected to meet that high capital cost, Sprint and T-Mobile are less able to raise comparable capital funds. If they are unable to satisfy their customer base by implementing the latest technology, both could face a long-term and irreversible decline, ultimately resulting in only two surviving major carriers. Three competitors are the practical minimum for a competitive marketplace. Two competitors can easily degenerate into an oligopoly in which the benefits of competition to the public are minimized.

Combining Sprint and T-Mobile increases the likelihood that the third competitor could hold its own against the two market leaders; in fact, both have shown a competitive aggressiveness that I would call “feisty.” They don’t compete with each other so much as they compete with the two bigger players. Combining them, therefore, makes all the sense in the world to me.

As I have thought further, there’s another aspect of the proposed merger that benefits the public good: the probability of increased service to presently underserved areas.

Deploying 5G technology will almost certainly depend upon the likelihood of profitability on an area-by-area or tower-by-tower basis. In an underserved area, the two smaller carriers may well conclude that the area is unlikely to be incrementally profitable. However, on a combined basis the underserved area might well meet the threshold test for capital investment. That would be in the public interest, and provides an additional, but little-discussed, benefit to the mobile communications consumer population at large.

I hope that you, as Commissioners, find these simple arguments from a single but avid mobile phone user to be of some help as you deliberate this proposed merger.

Very truly yours,

Colin A. Hanna

President

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