

SPRINT Corp
Form 425
June 20, 2018

Filed by T-Mobile US, Inc.

pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

under the Securities Exchange Act of 1934

Subject Company: Sprint Corporation

Commission File No.: 001-04721

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**Description of Transaction,
Public Interest Statement, and
Related Demonstrations**

June 18, 2018

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EXECUTIVE SUMMARY

T-Mobile US, Inc. (T-Mobile) and Sprint Corporation (Sprint) respectfully request approval from the Federal Communications Commission (FCC or Commission) to join together to form New T-Mobile. This proposed merger is necessary to accomplish a goal critical to enhancing consumer welfare in this country: the rapid and widespread deployment of 5G networks in a market structure that spurs rivals to invest in a huge increase in capacity, and, correspondingly, to drop tremendously the price of data per gigabyte. New T-Mobile will be able to leverage a unique combination of complementary assets to unlock massive synergies in order to build a world-leading nationwide 5G network that will deliver unprecedented services to consumers, increasingly disrupt the wireless industry, and ensure U.S. leadership in the race to 5G.

Consumer Benefits Are Compelling. This transaction is a unique opportunity to deliver myriad compelling benefits for American consumers, which would not be achievable in the absence of the merger:

New T-Mobile Will Build a World-Class Nationwide 5G Network That Will Leapfrog Verizon and AT&T's Networks. New T-Mobile will invest nearly \$40 billion to combine the complementary spectrum, sites, and assets of T-Mobile and Sprint to deliver a robust, nationwide world-class 5G network and services sooner than otherwise possible. Current Sprint customers will realize 4G LTE coverage benefits; T-Mobile customers will realize improvements from the greater depth of spectrum; and, as the 5G network is built out, the speed and capacity gains will be significant. By 2024, the New T-Mobile network will have approximately double the total capacity and triple the total 5G capacity of T-Mobile and Sprint combined, with 5G speeds four to six times what they could achieve on their own. In the face of this challenge, Verizon and AT&T will need to respond with improved and accelerated 5G network investment and deployment to the betterment of all consumers and the country.

American Consumers Will Pay Less and Get More. As New T-Mobile expands its capacity, the cost of delivering each gigabyte of data to customers will be greatly reduced — capacity will double and the cost of delivering data will plummet. [New T-Mobile] will compete aggressively with lower prices to take market share from Verizon

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and AT&T, allowing more customers to enjoy the benefits of [its] increased capacity.¹ This benefit will not be limited to T-Mobile's customers. Indeed, an economic analysis by Dr. David Evans concludes that building the nationwide 5G network will provoke competitive responses from Verizon and AT&T that result in as much as a 55 percent decrease in price per GB and a 120 percent increase in cellular data supply for all wireless customers.² Consumers get both a dollar and also a data dividend from the merger.

New T-Mobile Will Deliver Fiber-Like Speeds That Enable Exciting and Innovative Uses on a Broader Basis. New T-Mobile's nationwide 5G network will make possible real-time interactivity and a significantly enhanced user experience. The new network will virtually eliminate the constraints consumers currently experience in congested environments, allowing for near instantaneous sharing and downloading of content from almost any location. This will transform the way Americans live, work, travel, and play by facilitating an enormous variety of Internet of Things (IoT) applications, as well as the full spectrum of connected devices. Even better, the broad geographic reach of New T-Mobile's 5G network will facilitate the use of advanced applications that are critically needed in small towns and rural communities.

New T-Mobile Will Provide a Bona Fide Alternative to Traditional In-Home Broadband Providers. New T-Mobile's robust, nationwide 5G network will eliminate the speed and capacity differential between mobile and in-home wired broadband for many Americans, allowing millions more Americans to free themselves from the grip of traditional in-home broadband providers. The new 5G network's speeds, capacity, and low prices will allow consumers to cut the cord and use their mobile wireless service as their broadband service both inside and outside the home and pocket the savings from eliminating an unnecessary and costly wired broadband bill month after month. New T-Mobile will also offer an aggressively priced wireless in-home broadband solution to compete head-on with the traditional providers.

The Merger Will Create Expanded Choices for Enterprise and Video Customers. The merger also will unleash a maverick Un-carrier delivering competition and lower prices for customers of other services. New T-Mobile will have the scale, spectrum, and financial strength to disrupt the enterprise segment and video marketplace with innovative products and services that will bring much-needed competition, innovation, and consumer choice to these areas.

Rural Americans Win Big with Better Service, Including High Speed Broadband. New T-Mobile will bring increased broadband coverage to rural Americans, along with improved signal quality and increased network capacity that will enable data-intensive applications and superior rural consumer experiences. This improved service will be accompanied by enhanced customer service through 600 or more new stores and up to five call centers located to serve rural areas and small towns.

¹ Declaration of G. Michael (Mike) Sievert, President and Chief Operating Officer, T-Mobile US, Inc., Appx. C, at ¶21 (Sievert Decl.).

² See David S. Evans, Market Platform Dynamics, Economic Analysis of the Impact of the Proposed Merger of T-Mobile and Sprint on the Deployment of 5G Cellular Technologies, the 5G App Ecosystem, and Consumers, Enterprises, and the Economy, Appx. G, Section V.C., ¶¶220-44 (Evans Decl.).

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Accelerated 5G Deployment Will Help the United States Continue to Lead the World. As Chairman Pai has stated, the United States should be the best country for innovating and investing in 5G networks and continue[] to lead in 5G and to enable wireless consumers to benefit from these technologies sooner rather than later.⁴ New T-Mobile's 5G nationwide network will help ensure that this leadership happens right here in the United States.

The Merger Will Create Thousands of Additional American Jobs. Finally, the merger will create jobs on New T-Mobile's first day and going forward. New T-Mobile will hire employees to build the new network; extend the Un-carrier customer care model to a wider subscriber base; and support customers in growing segments like in-home broadband, enterprise, and IoT. New T-Mobile's increased investment and rapid growth and resultant accelerated roll-out of 5G services also will stimulate thousands of additional jobs throughout the U.S. economy.

Competition Will Intensify. The merger is resoundingly pro-competitive and pro-consumer:

New T-Mobile Will Be a Disruptive Consumer-Focused Un-carrier. New T-Mobile will have the scale and resources to take the Un-carrier movement to the next level and into new market segments. The combined company will have lower costs and the incentives to engage in aggressive pricing to expand its 4G LTE customer base as the industry continues its major transformation towards 5G. To date, T-Mobile and Sprint, individually, have not been able to materially erode Verizon and AT&T's wireless market share or overcome their scale advantages. New T-Mobile, however, will be able to go toe-to-toe with the two larger rivals to the benefit of competition and consumers.

New T-Mobile Will Have Incentives to Compete Aggressively. The combined company's network will have enormous capacity that will incentivize New T-Mobile to compete vigorously to fill up the network. This increased pressure to utilize added capacity is supported by New T-Mobile's financial plan, which calls for the company to provide a combination of greater value and lower cost for conventional data services and to continue offering subscribers more data each year without increasing prices. Indeed, as Dr. David S. Evans substantiates, added capacity has historically reduced unit prices for consumers, and it will continue to do so here.

³ Chairman Ajit Pai, Remarks at Mobile World Congress, Barcelona, Spain (Feb. 26, 2018), https://apps.fcc.gov/edocs_public/attachmatch/DOC-349432A1.pdf.

⁴ Chairman Ajit Pai, Remarks at Mobile World Congress Americas, San Francisco, CA (Sept. 12, 2017), <https://docs.fcc.gov/public/attachments/DOC-346666A1.pdf>.

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T-Mobile and Sprint Are Merging to Beat Verizon and AT&T, Not to Be Like Them. Verizon and AT&T are investing in a wide array of businesses in recognition of a converging broadband market, and therefore their interests and resources are spread across a lot of areas. New T-Mobile will be laser-focused on improved broadband connectivity at a lower price. This means New T-Mobile will not be coordinating with AT&T, Verizon or other large players to increase prices or restrict the amount of data delivered per dollar.

Other Large Players Will Intensify Competition Further. Many significant companies, particularly Comcast and Charter, but also DISH, TracFone, and Google, have successfully entered or are on the verge of entering the wireless market, demonstrating the intensity of current competition in the sector. Indeed, renowned economists Professor Steven Salop and Dr. Yianis Sarafidis find that, a conclusion that there will be higher risk of coordination after this merger cannot be supported by the totality of the evidence and economic analysis.⁵

T-Mobile's Chief Executive Officer John Legere aptly captures the benefits of this

transaction for consumers and competition:

We are committing nearly \$40 billion to bring this company into the 5G era over the first 3 years, with the majority of this investment focused on the rapid enhancement of the network, in order to retain our existing customer base, attract new customers, and benefit from being first to deliver transformative 5G services across the country. That's why we plan to expand T-Mobile's unique customer service model to Sprint while we subsequently deliver better coverage, reliability, and speed. And that's why we will keep prices low for consumers, who are vital to our ability to build out 5G infrastructure across the country. When it comes to changing how the wireless industry operates, we're only getting started.⁶

For these reasons, the grant of the T-Mobile and Sprint applications to transfer their authorizations to New T-Mobile clearly will serve the public interest, convenience and necessity.

⁵ Declaration of Prof. Steven C. Salop and Dr. Yianis Sarafidis, Charles River Associates, Appx. H, at ¶9.

⁶ Declaration of John Legere, Chief Executive Officer, T-Mobile US, Inc., Appx. A, at ¶23.

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By this application and related applications (the Applications) and pursuant to Sections 214 and 310(d) of the Communications Act of 1934, as amended (the Act), T-Mobile US, Inc. (T-Mobile) and Sprint Corporation (Sprint) and, collectively with T-Mobile, Applicants hereby request the Federal Communications Commission's (FCC or Commission) consent to the transfer of control of the FCC authorizations, radio licenses, and spectrum leases held by Sprint's subsidiaries from Sprint to T-Mobile. In addition, the Applicants hereby request authority for the *pro forma* transfer of control of the authorizations, radio licenses, and spectrum leases held by T-Mobile's subsidiaries as a result of the proposed transaction. As discussed herein, the proposed transfers of control satisfy the Commission's standards for approval, generate substantial public interest benefits for the customers of T-Mobile and Sprint and for U.S. wireless customers as a whole, and do not give rise to any competitive harms. So that consumers can promptly enjoy these benefits, the Applicants seek expedited review and grant of the Applications.

I. DESCRIPTION OF THE APPLICANTS AND TRANSACTION

A. The Applicants

1. Description of T-Mobile

T-Mobile is currently the third largest wireless carrier in the United States, serving approximately 72.6 million customers under the T-Mobile and MetroPCS brands.² Through its owned and operated retail stores, third-party distributors, and its websites, T-Mobile offers wireless voice and data services to residential and business customers in the United States, Puerto Rico, and the U.S. Virgin Islands, as well as a wide selection of wireless devices and accessories.

¹ Individual applications have been filed to transfer control of the radio station licenses, leases, subleases, satellite earth station licenses, submarine cable landing licenses, experimental licenses, and domestic and international Section 214 authorizations involved in this transaction. ULS File No. 0008224209 is the lead wireless application; *see also* Joint Application for Consent to Transfer Control of Domestic and International Authority Pursuant to Section 214 of the Communications Act, as amended, WT Docket No 18-197 (filed June 18, 2018).

² T-Mobile US, Inc., Annual Report (Form 10-K), at 37 (Feb. 7, 2018), <http://investor.t-mobile.com/Cache/392104903.pdf> (T-Mobile 2017 10-K).

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T-Mobile is a publicly traded Delaware corporation headquartered in Bellevue, Washington. T-Mobile's 2017 revenues were approximately \$40.6 billion,³ its assets currently total approximately \$70.56 billion,⁴ its market capitalization is approximately \$50.82 billion,⁵ and it holds approximately \$28.32 billion in debt.⁶ The company is controlled by Deutsche Telekom AG (Deutsche Telekom), which indirectly holds approximately 62 percent of T-Mobile's stock. Deutsche Telekom is based in Bonn, Germany, and provides fixed broadband and wireless services to customers in more than 50 countries around the world.⁷

2. Description of Sprint

Sprint is the fourth-largest wireless carrier in the United States, serving approximately 54.58 million customers across its retail and wholesale wireless service offerings at the end of 2017, and is an interexchange carrier and Tier 1 Internet backbone provider.⁸ Sprint offers a range of wireless and wireline voice and data products and services, as well as devices and accessories, to residential and business customers in the United States, Puerto Rico, and the U.S. Virgin Islands under the Sprint, Boost Mobile, Virgin Mobile, and Assurance Wireless brands.

3 *Id.* at 24.

4 *Id.*

5 See T-Mobile US, Inc., WALL STREET JOURNAL, <https://quotes.wsj.com/TMUS> (last visited June 16, 2018).

6 T-Mobile 2017 10-K at 24.

7 See Deutsche Telekom, *Leading European Telco*, <https://www.telekom.com/en/company/details/leading-european-telco-355194> (last visited June 16, 2018).

8 Sprint Corporation, Annual Report (Form 10-K), at 40 (May 24, 2018), <http://d18rn0p25nwr6d.cloudfront.net/CIK-0000101830/f87fb089-cbf4-415a-accf-2122a5b0323f.pdf> (Sprint 2017 10-K).

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Sprint also provides wireline voice and data services to businesses with operations outside the United States.

Sprint is a publicly traded Delaware corporation with its headquarters located in Overland Park, Kansas. Sprint's 2017 revenues were approximately \$32.41 billion,⁹ its assets currently total approximately \$85.46 billion,¹⁰ its market capitalization is approximately \$22.02 billion,¹¹ and it holds approximately \$32 billion in net debt.¹² Sprint is controlled by SoftBank Group Corp. (SoftBank), which indirectly holds approximately 84 percent of Sprint's stock. SoftBank is based in Tokyo, Japan, and provides mobile and fixed-line services in Japan through SoftBank Corp., its telecommunications subsidiary.¹⁴

B. The Transaction

The Business Combination Agreement between the parties sets forth the structure and steps of the proposed transaction. In short, the transaction will be a merger of Sprint into an indirect subsidiary of T-Mobile, with Sprint surviving as a direct subsidiary of T-Mobile USA, Inc., which is a direct subsidiary of T-Mobile. This will be accomplished through several, virtually simultaneous steps.

⁹ *Id.* at 30.

¹⁰ *Id.*

¹¹ See Sprint Corporation, WALL STREET JOURNAL, <https://quotes.wsj.com/S> (last visited June 16, 2018).

¹² Sprint 2017 10-K at 18. See also Sprint Corporation, *Sprint Delivers Best Financial Results In Company History With Highest Ever Net Income And Operating Income In Fiscal Year 2017* (May 2, 2018), <http://investors.sprint.com/news-and-events/press-releases/press-release-details/2018/Sprint-Delivers-Best-Financial-Results-In-Company-History-With-Highest-Ever-Net-Income-And-Operating-Income-In-Fiscal-Year-2017/default.aspx> (laying out debt maturity schedule).

¹³ Sprint 2017 10-K at 1.

¹⁴ See SoftBank Group, *Group Structure*, <https://www.softbank.jp/en/corp/irinfo/about/outline/> (last visited June 16, 2018).

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In anticipation of the transaction, T-Mobile has formed two indirect subsidiaries, Huron Merger Sub LLC (Huron) and Superior Merger Sub Corporation (Superior). The current, pre-closing structure of Sprint and T-Mobile is illustrated below:

At closing, if certain conditions are met, the first step will be that SoftBank subsidiaries, Galaxy Investment Holdings, Inc. (Galaxy) and Starburst, Inc. (Starburst), which currently collectively own approximately 84 percent of Sprint, will merge with and into Huron, with Huron continuing as the surviving corporation. All of the issued and outstanding shares of Galaxy and Starburst stock will be converted such that SoftBank will receive an aggregate number of shares of T-Mobile Common Stock, par value \$0.00001 per share, equal to the product of 0.10256 (the Exchange Ratio) and the aggregate number of shares of common stock of Sprint, par value \$0.01 per share, held by Galaxy and Starburst, collectively.

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Next, Superior will merge with and into Sprint, with Sprint continuing as the surviving entity. Each share of Sprint stock issued and outstanding (other than shares of Sprint Common Stock that were held by Galaxy and Starburst or are held by Sprint as treasury stock) will be converted into the right to receive a number of shares of T-Mobile Common Stock equal to the Exchange Ratio. SoftBank and its affiliates will receive the same amount of T-Mobile Common Stock per share of Sprint Common Stock as all other Sprint stockholders. If the first step above does not occur, Sprint shares held by Galaxy and Starburst will be converted into T-Mobile shares in this step.

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As a final step, Huron will distribute Sprint stock to T-Mobile, which T-Mobile will then contribute to its subsidiary, T-Mobile USA, Inc. Following completion of these steps, Sprint will be a wholly owned subsidiary of T-Mobile USA, Inc., which is a direct subsidiary of T-Mobile. Deutsche Telekom and SoftBank are expected to hold approximately 42 percent and 27 percent of the fully diluted shares of T-Mobile Common Stock, respectively, with the remaining approximately 31 percent of the fully-diluted shares of T-Mobile Common Stock held by public stockholders. Pursuant to a Proxy, Lock-up and ROFR Agreement between Deutsche Telekom and SoftBank to be executed prior to closing, SoftBank will grant Deutsche Telekom the right to direct the voting of SoftBank's T-Mobile shares. The post-closing structure of New T-Mobile is below:

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John Legere, CEO of T-Mobile and the creator of T-Mobile's successful Un-carrier strategy, will serve as Chief Executive Officer of the combined company. Mike Sievert, T-Mobile's current President and Chief Operating Officer, will serve as President and Chief Operating Officer of the combined company.

The Board of Directors (Board) of New T-Mobile will be comprised of 14 members. Pursuant to the Business Combination Agreement, Deutsche Telekom will designate 9 directors (at least 2 of whom will be independent). SoftBank will designate 4 directors (at least 2 of whom will be independent).¹⁵ The remaining director will be New T-Mobile's CEO. Existing T-Mobile Chairman and Deutsche Telekom CEO, Tim Hötting, has been designated to serve as

¹⁵ Masayoshi Son, current SoftBank Chairman and CEO, and Marcelo Claure, current SoftBank Chief Operating Officer and Sprint Executive Chairman, will serve on the Board of the new company as SoftBank designees.

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Chairman of the Board of New T-Mobile. The combined company will have its headquarters in Bellevue, Washington, with a secondary headquarters in Overland Park, Kansas.

C. Approvals Requested

Sprint's subsidiaries hold a variety of FCC authorizations, licenses, and leases, including radio station licenses, leases and subleases, satellite earth station and Cable Television Relay Service (CARS) licenses, submarine cable landing licenses, and domestic and international Section 214 authorizations. The transaction will result in a transfer of control of these authorizations to New T-Mobile and, accordingly, applications seeking Commission consent to such transfers are being contemporaneously submitted to the agency. The parties request that the Commission find that such transfers are in the public interest and grant the applications.

The transaction will also result in a *pro forma* transfer of control of the FCC authorizations, licenses, and leases held by T-Mobile's subsidiaries to New T-Mobile. These entities hold radio station licenses and leases, experimental licenses, and international Section 214 authorizations. As a result of having a majority of Board seats and the right to direct the voting of SoftBank's shares, T-Mobile's controlling shareholder, Deutsche Telekom, will retain *de facto* control of New T-Mobile post-closing even though its shareholdings in New T-Mobile will drop below 50 percent. While the Commission's rules permit post-closing notification for *pro forma* transfers of control of many of the licenses and leases held by T-Mobile's subsidiaries, T-Mobile is submitting all of its *pro forma* applications and notifications at this time per instructions from the FCC staff. It requests that the Commission approve such submissions.

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Following consummation of the transaction, the T-Mobile and Sprint licensees will have indirect non-U.S. ownership in excess of 25 percent. For that reason, the parties are additionally submitting a request for declaratory ruling under Section 310(b)(4) of the Communications Act¹⁶ and section 1.5000(a)(1) of the Commission's rules.¹⁷ The parties seek Commission grant of that request.

II. FCC STANDARD OF REVIEW

A. Public Interest Evaluation

Pursuant to sections 214(a) and 310(d) of the Act,¹⁸ when transactions in the communications industry are proposed involving common carrier authorizations under Title II or radio licenses under Title III, the Commission must determine whether the proposed transfer of control will serve the public interest, convenience, and necessity.⁹ Procedurally, if the proposed transaction does not violate a statute or rule, then the Commission considers whether the transaction could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Act or related statutes.²⁰

The Commission's review of potential competitive harms is an integral part of the FCC's public interest analysis, but importantly, the analysis is informed by, but not limited to, traditional antitrust principles.²¹ In particular, the Commission's competitive analysis under the public interest standard is somewhat broader [than that conducted by the Department of Justice], and the Commission may impose and enforce narrowly tailored, transaction-specific

¹⁶ 47 U.S.C. § 310(b)(4).

¹⁷ 47 C.F.R. § 1.5000(a)(1).

¹⁸ 47 U.S.C. §§ 214(a), 310(d).

¹⁹ 47 U.S.C. §§ 214(a), 310(d). *See also AT&T Inc. and BellSouth Corp. Application for Transfer of Control*, Memorandum Opinion and Order, 22 FCC Rcd 5662, 5671-72 ¶19 (2007).

²⁰ *Applications of Level 3 Communications, Inc. and CenturyLink, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 32 FCC Rcd 9581, 9585 ¶9 (2017) (*CenturyLink-Level 3 Order*).

²¹ *Id.* at 9585 ¶9.

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conditions that address the potential harms of a transaction.²² The FCC has clarified that it will impose conditions only to remedy harms that arise from the transaction (i.e., transaction-specific harms) and related to the Commission's responsibilities under the Communications Act and related statutes, and it will not impose conditions to remedy pre-existing harms or harms that are unrelated to the transaction.²³ Then, if the Commission is able to find that narrowly tailored, transaction-specific conditions are able to ameliorate any public interest harms and the transaction is in the public interest, it may approve the transaction as so conditioned.²⁴

The FCC's competitive review takes place against a backdrop where the Commission has long recognized the clear public interest benefits in a license or authorization holder being able to assign or transfer control of its license or authorization freely.²⁵ And the Commission considers other benefits as well the FCC will also review other claimed public interest benefits of a transaction, although applicants [bear] the burden of proving those benefits by a preponderance of the evidence.²⁶ While a finding of public interest benefits is thus necessary for approval, the FCC has emphasized that it does not employ a balancing test, . . . or a sliding scale approach.²⁷

²² *Id.* at 9585-86 ¶9.

²³ *Id.* at 9586 ¶9 (citing *SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control*, Memorandum Opinion and Order, 20 FCC Rcd 18290, 18303 ¶19 (2005); *Applications of AT&T Wireless Services, Inc. and Cingular Wireless Corporation for Consent to Transfer Control of Licenses and Authorizations et al.*, Memorandum Opinion and Order, 19 FCC Rcd 21522, 21545-46 ¶43 (2004); *Applications of Nextel Partners, Inc. Transferor, and Nextel WIP Corp. and Sprint Nextel Corporation, Transferees, for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 21 FCC Rcd 7358, 7361 ¶9 (2006); *Applications of AT&T Inc. and CellCo Partnership d/b/a Verizon Wireless for Consent to Assign or Transfer Control of Licenses and Authorizations and Modify a Spectrum Leasing Arrangement*, Memorandum Opinion and Order, 25 FCC Rcd 8704, 8747 ¶101 (2010) (*AT&T-Verizon Wireless Order*)).

²⁴ *CenturyLink-Level3 Order*, 32 FCC Rcd at 9586 ¶11.

²⁵ *Id.* at 9586 ¶10.

²⁶ *Id.*

²⁷ *Id.* n.36. The Commission has specifically noted that it has not allowed potential competitive harms to go unremedied nor allowed them to be offset by benefits that are not transaction-specific, i.e., benefits that do not naturally arise from the transaction at issue. *Id.*

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B. Product and Geographic Markets

In prior transactions, the FCC's competitive review has started by first determining the appropriate market definitions for its evaluation, which includes establishing the product and geographic market definitions that [the FCC] will apply.²⁸ The FCC has found that [t]he relevant product market includes all products reasonably interchangeable by consumers for the same purposes.²⁹ Specifically, the Commission has traditionally viewed the relevant product market for wireless services as a combined mobile telephony/broadband services product market, which is comprised of mobile voice and data services, including mobile voice and data services provided over advanced broadband wireless networks (mobile broadband services).³⁰ In its analyses, however, the FCC has not restricted itself to facilities-based carriers, but rather has assessed the competitive effect of Mobile Virtual Network Operators (MVNOs) and resellers.

²⁸ *Application of AT&T Inc. and Qualcomm Incorporated*, Order, 26 FCC Rcd 17589, 17602 ¶32 (2011) (*AT&T-Qualcomm Order*).

²⁹ *Id.* (citing *United States v. E.I. du Pont de Nemours & Co.*, 351 U.S. 377, 395 (1956); *United States v. Microsoft*, 253 F.3d 34, 52 (D.C. Cir. 2001), *cert. denied*, 122 S. Ct. 350 (2001)).

³⁰ *AT&T-Qualcomm Order*, 26 FCC Rcd at 17603 ¶33 (citing *AT&T-Verizon Wireless Order*, 25 FCC Rcd at 8721 ¶35; *Applications of AT&T Inc. and Centennial Communications Corp. For Consent to Transfer Control of Licenses, Authorizations, and Spectrum Leasing Arrangements*, Memorandum Opinion and Order, 24 FCC Rcd 13915, 13932 ¶37 (2009) (*AT&T-Centennial Order*); *Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC For Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and De Facto Transfer Leasing Arrangements and Petition for Declaratory Ruling that the Transaction is Consistent with Section 310(b)(4) of the Communications Act*, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd 17444, 17469-70 ¶45 (2008) (*Verizon Wireless-ALLTEL Order*); *Sprint Nextel Corporation and Clearwire Corporation Applications for Consent to Transfer Control of Licenses, Leases, and Authorizations*, Memorandum Opinion and Order, 23 FCC Rcd 17570, 17583-84 ¶26 (2008)).

³¹ *Applications of Cricket License Company, LLC, et al., Leap Wireless International, Inc., and AT&T Inc. for Consent to Transfer Control of Authorizations*, Memorandum Opinion and Order, 29 FCC Rcd 2735, 2751 ¶35 (2014) (*Cricket Leap-AT&T Order*).

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With respect to the appropriate geographic market, the FCC will primarily use Cellular Market Areas (CMAs) as the local geographic markets in which [it] analyze[s] the potential competitive harms.³² The FCC has used CMAs historically because most consumers use their mobile telephony/broadband services at or close to where they live, work, and shop, [and thus] they purchase mobile telephony/broadband services from service providers that offer and market services locally.³³ However, the Commission has also said that it recognize[s] that two key competitive variables prices and service plan offerings do not vary for most providers across most geographic markets, and therefore in certain transactions the FCC find[s] it is in the public interest not only to consider the local markets, but also to consider the effect of [the] transaction at the national level.³⁴

C. The FCC Competitive Analysis and Mobile Services in a Converging Broadband Market

While the Applicants herein analyze the proposed transaction under the review framework that has been used by the FCC for mobile transactions in the past,³⁵ the mobile

³² *AT&T-Qualcomm Order*, 26 FCC Rcd at 17603 ¶32.

³³ *Applications of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. for Consent to Transfer of Control of Licenses and Authorizations*, 28 FCC Rcd 2322, 2332-33 ¶31 (WTB 2013) (*T-Mobile-MetroPCS Order*). See also *AT&T-Qualcomm Order*, 26 FCC Rcd at 17604 ¶34 (stating [n]othing in our record causes us to doubt that, in the event of a price increase limited to one CMA, . . . too few buyers would switch to purchasing mobile wireless services in another area to make that quality-adjusted price increase unprofitable.).

³⁴ *AT&T-Qualcomm Order*, 26 FCC Rcd at 17605 ¶37.

³⁵ Importantly, however, the Commission has not reviewed a major wireless transaction since the 2014 acquisition of Leap Wireless by AT&T. See generally *Cricket Leap-AT&T Order*. While the Commission has iteratively applied the prior definition of relevant product market in a string of decisions since 2014, it has not seriously considered whether the definition should be considered anew in light of technology and market changes.

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services landscape has undergone significant transformation in recent years to converge with wireline services within the broadband market. Preferences and patterns for consuming communications services and content have shifted, with wireless being increasingly used as a complete solution to users' broadband data and video content needs. Wireless is becoming many consumers' principal connection to the Internet. These changes have been driven by innovations like unlimited wireless plans and rapid changes in wireless technology that have enabled faster data connections. In this new environment, mobile providers are bringing mobile Internet, and content, to consumers in ways never imagined. Cord-cutting in the broadest sense of removing any fixed landline connection to the home is increasing and customers have become platform-agnostic. And, data is increasingly consumed not just by individuals, but also by machines connecting to other machines that are supporting infrastructure, services, and applications that will benefit consumers.

As the Applicants discuss, fundamental changes to the ways mobile broadband is used are being made at an accelerating pace, and the FCC has recognized that the mobile wireless services marketplace is on the brink of a major technological transformation that is likely to be both competitively disruptive and transformative—the introduction of 5G. In Section III.C, *infra*, the Applicants discuss the technological changes ongoing in the marketplace and the massive consumer welfare benefits that will cascade from New T-Mobile's 5G network and its derivative ability to offer 100 Mbps service to two-thirds of the country. That speed and coverage will allow New T-Mobile to bring new and enhanced competition to multiple adjacent business segments, including in-home broadband, consumer and business IoT, enterprise, and rural market segments. In Section IV, the Applicants then discuss the changing face of competition in a market shaped by the convergence of businesses around the central axis of

