LAWLER, METZGER, KEENEY & LOGAN, LLC

1717 K STREET, NW
SUITE 1075
WASHINGTON, D.C. 20006

REGINA M. KEENEY
gkeeney@lawlermetzger.com

PHONE (202) 777-7700
FACSIMILE (202) 777-7763

September 25, 2018

Via Electronic Filing
Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

Re: *Ex Parte* Notice: *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:

On September 21, 2018, Brandon "Dow" Draper, Chief Commercial Officer; Vonya B. McCann, Senior Vice President, Government Affairs; Charles McKee, Vice President, Government Affairs (all of Sprint Corporation ("Sprint")); and the other representatives of Sprint, T-Mobile USA, Inc. ("T-Mobile"), and their controlling shareholders (collectively, "Applicants") listed in Attachment A provided a presentation in two meetings: one to David Lawrence, Director; and the other members of the Federal Communications Commission's ("Commission's") T-Mobile/Sprint Task Force listed in Attachment B; and the other to Umair Javed, Legal Advisor to Commissioner Jessica Rosenworcel. During this presentation, the Applicants discussed and answered questions regarding the deck submitted herewith at Attachment C.

This filing contains information that is "Highly Confidential" pursuant to the Protective Order filed in WT Docket No, 18-197. 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. Pursuant to section 1.1206(b)(2) of the Commission's rules, 47 C.F.R. § 1.1206(b)(2), this *ex parte* notification is being filed electronically for inclusion in the public record of the above-referenced proceeding.

Respectfully submitted,

/s/ Regina M. Keeney
Regina M. Keeney

cc: David Lawrence
Kathy Harris
Charles Mathias
Catherine Matraves
Michael C. Smith
Dana Shaffer
Matthew J. Collins
Pramesh Jobanputra
Jonathan Henly
Weiren Wang
Murtaza Nasafi
Ben Freeman
Robert Chen
Chris Smeenk
Linda Ray
Kirk Arner
Thuy Tran
Joseph Wyer
Monica DeLong
Darrel Pae
Sara Mechanic
Morasha Younger
Stacy Ferraro
Patrick Sun
Jacqueline Tello
Robert Pavlak
Joel Rabinovitz
William Dever

ATTACHMENT A

MEETING ATTENDEES ON BEHALF OF SPRINT, T-MOBILE,
DEUTSCHE TELEKOM, AND SOFTBANK GROUP CORP.

For Sprint

Brandon “Dow” Draper

Vonya B. McCann

Charles McKee

Steven C. Sunshine of Skadden, Arps, Slate, Meagher & Flom LLP

Matthew P. Hendrickson of Skadden, Arps, Slate, Meagher & Flom LLP

Regina M. Keeney of Lawler, Metzger, Keeney & Logan, LLC

For T-Mobile

Luisa Lancetti

Edward “Smitty” Smith of DLA Piper

Mark W. Nelson of Cleary Gottlieb Steen & Hamilton LLP[1]

For SoftBank Group Corp.

John Flynn of Jenner & Block LLP

For Deutsche Telekom

Reinhard Wieck

1 Mr. Nelson attended the meeting with the Task Force but did not attend the meeting with Umair Javed. Otherwise, attendance of both meetings was identical.

ATTACHMENT B

FCC MEETING ATTENDEES

David Lawrence
Kathy Harris
Charles Mathias
Catherine Matraves
Michael C. Smith
Dana Shaffer
Matthew J. Collins
Pramesh Jobanputra
Jonathan Henly
Weiren Wang
Murtaza Nasafi
Ben Freeman
Robert Chen
Chris Smeenk
Linda Ray
Kirk Arner
Thuy Tran
Joseph Wyer
Monica DeLong
Darrel Pae
Sara Mechanic
Morasha Younger
Stacy Ferraro
Patrick Sun
Jacqueline Tello
Robert Pavlak
Joel Rabinovitz
William Dever

ATTACHMENT C

Proposed Merger of T-Mobile and Sprint

Sprint Business Presentation to the FCC

Dow Draper

September 21, 2018

Sprint Faces Substantial Challenges That Limit Its Effectiveness

Sprint Now.

- **Despite achieving substantial cost reductions and stabilizing its financial position, Sprint has not been able to turn the corner with respect to its core business challenges**
- **Sprint tried a more localized approach in an attempt to drive growth, but continues to face declining subscribers and revenue**
- **Sprint has attempted to position itself as a value leader with aggressive price promotions, but those efforts have not achieved sufficient growth or churn reduction to offset their cost**
- **Given Sprint's network investment needs, negative network perception, and declining share and service revenues, it will continue to face substantial business challenges**
- **The transaction will create a much stronger competitor with the scale and resources to disrupt AT&T and Verizon**

Historical Decisions and Outcomes Have Led to Current Challenges

Sprint Now.

Sprint NEXTEL

2005
- Sprint and Nextel merge in transaction valued at $35 billion
- By 2012 Sprint had losses of more than $37 billion related to the deal

2008
- Sprint reports a Q4 loss of nearly $30 billion due to large write-down related to the Nextel merger
- Sprint forms JV with Clearwire and elects to pursue 4G on WiMax

2012
- 2010-2014 Network Vision upgrade to multimode for 3G/4G. Shutdown of iDEN
- "Rip and replace" causes network disruption and churn

2013
- Sprint loses 2 million subscribers in a single quarter after shutting down iDen network

2014
- WiMax shutdown announced
- Plans for ~12K 2.5 GHz sites cancelled due to budget
- Sprint lays off more than 2,000 employees.
- Additional rounds of layoffs follow in 2016 and 2018

2015
- Sprint falls from third to fourth in total wireless connections
- Sprint pursues Monopole plan to save on network costs
- Forgo 600MHz auction due to lack of funds and lead times incompatible with urgent network needs

2017
- FY 2017 is first profitable year in 11 years

2018
- Monopole plan abandoned for more traditional build; $180M write off in abandoned sites
- 5G/mMIMO announced
- Sprint has a current net debt of ~$32 billion

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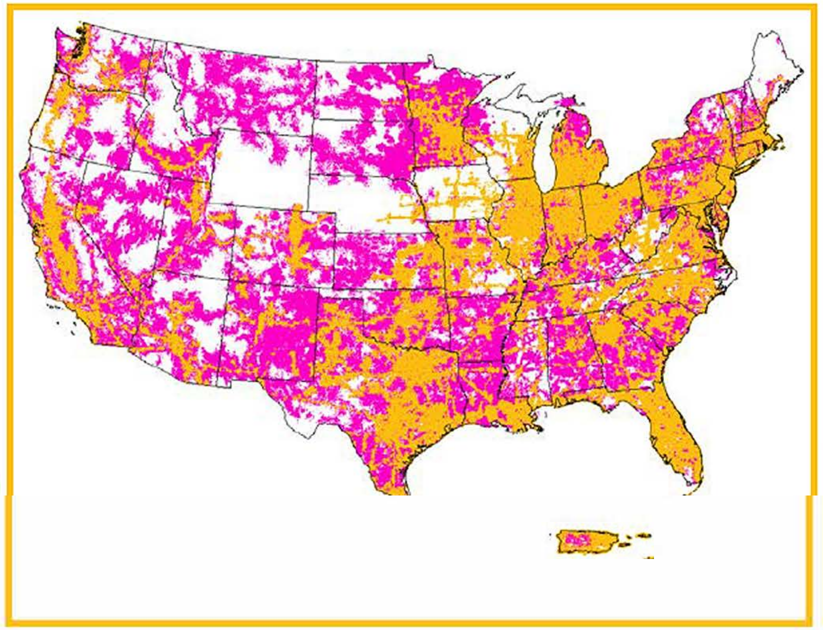
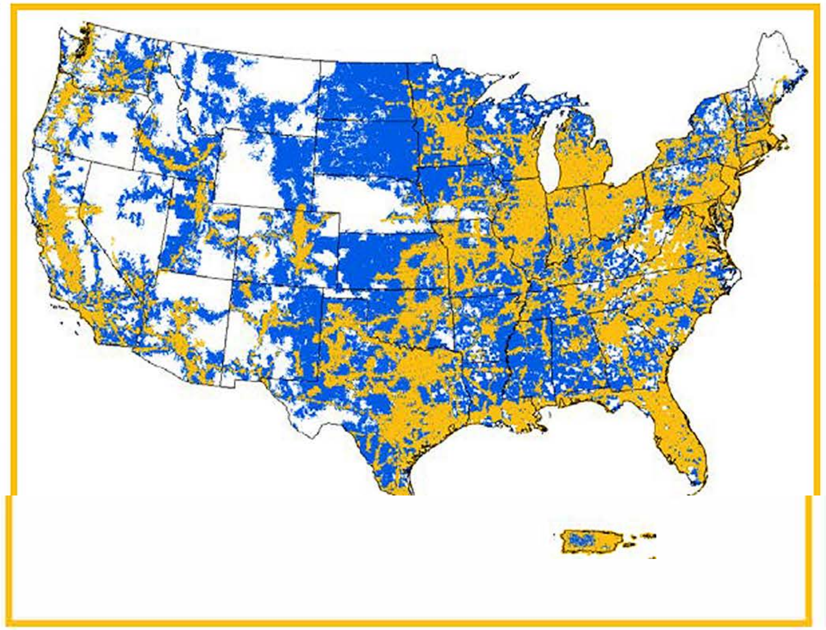
Sprint's Network Faces Severe Challenges

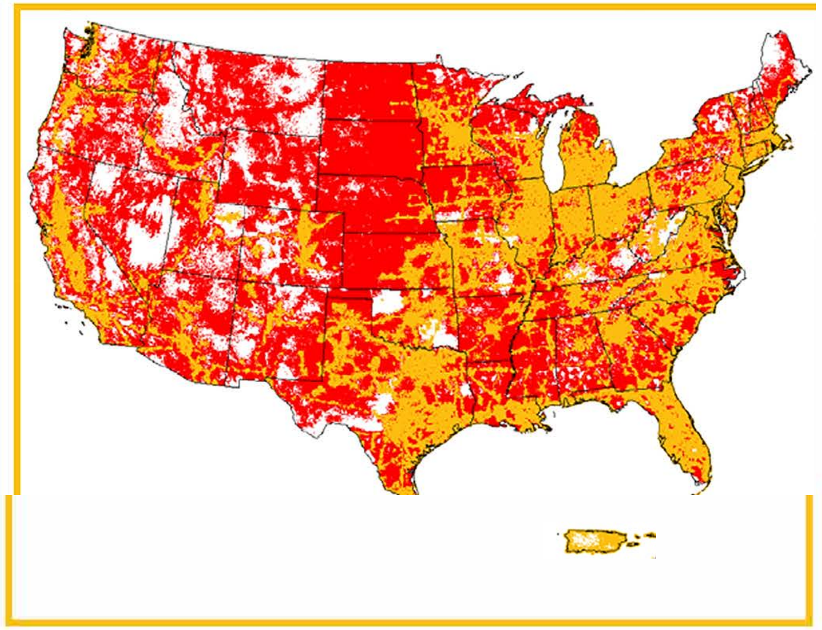
- Sprint's LTE Network footprint covers a much smaller geography and significantly fewer POPs than other national carriers



Sprint (yellow) vs. T-Mobile (magenta)



Sprint (yellow) vs. AT&T (blue)



Sprint (yellow) vs. Verizon (red)

Sprint Quality of Experience (QoE) Reflects Network Challenges

- **QoE is a score on a 1-to-5 scale and reflects network experience**
  - Concept is to boil down user's experience into one number
  - Data factors are weighted more heavily than voice
  - Calculated for every postpaid subscriber, every month
  - QoE score of 3 is considered a minimally acceptable network experience – anything below a score of 3 can be considered a poor network experience. Example for SD video streaming, QOE of < 3 will mean speeds of < 2 Mbps
  - Customers with low QoE scores are much more likely to churn

[redacted]

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Network Shortcomings Limit Our Ability to Attract and Retain Subscribers

- Coverage and consistency challenges impact both network performance and customer perception
- Sprint's network perception lags far behind the other carriers, making it very difficult to sell our network
- Poor network experience is a leading cause of Sprint’s subscriber churn

[redacted]

Sprint Struggles to Retain Its Base and Attract New Subscribers

- As a result of our network performance limitations and perception, Sprint has consistently had the highest churn in the industry and failed to retain its subscriber base
- Sprint is the only carrier with rising churn over the last several years
- Postpaid customer survivability over 18 months is only [redacted] we are losing a substantial portion of our base

[redacted]

Sprint Struggles to Retain Its Base and Attract New Subscribers

- In addition to industry-high churn, Sprint has consistently had the lowest share of gross adds and failed to attract new subscribers

[redacted]

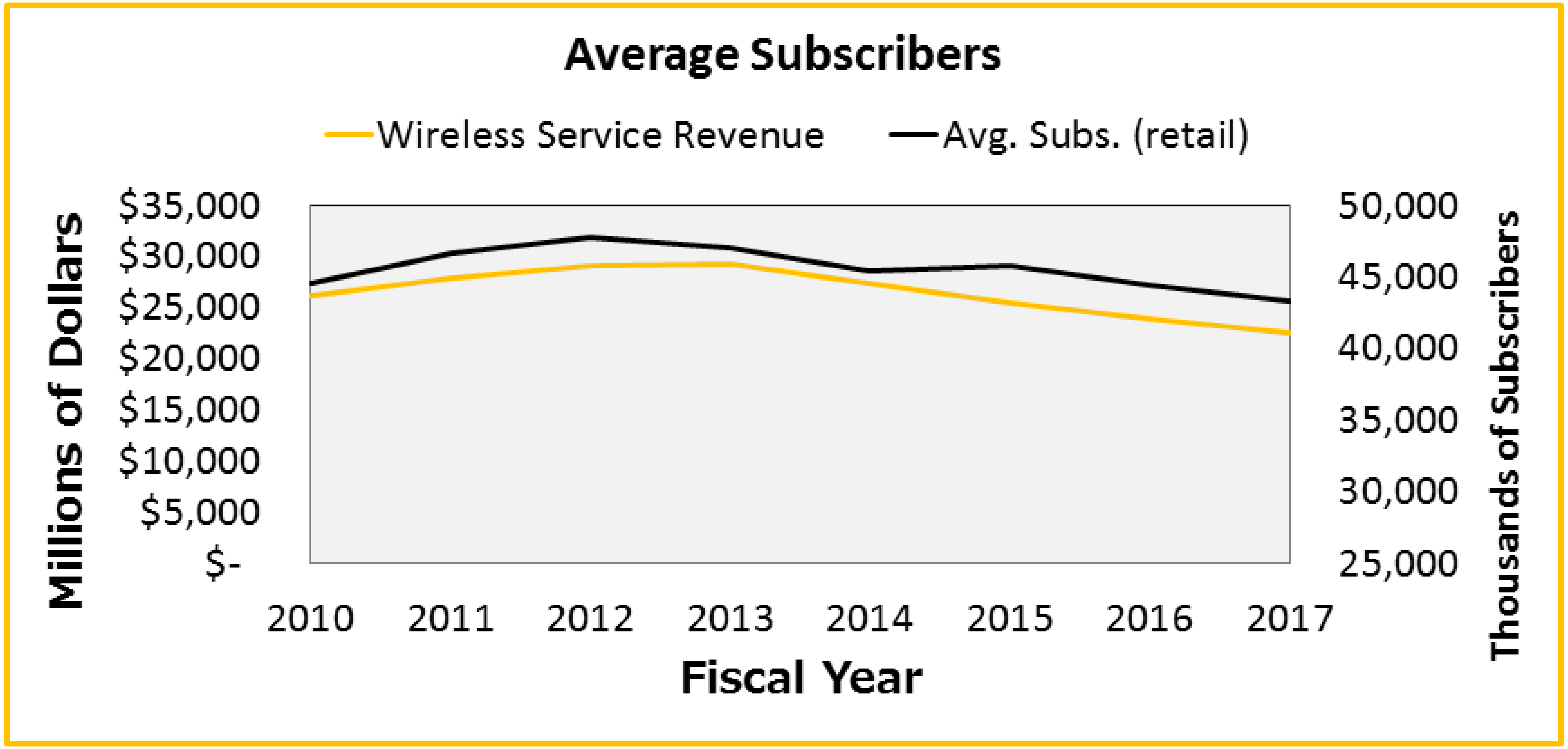
Sprint Is Also Challenged In the Prepaid Segment

- In prepaid, Sprint has consistently been #4 in both share of subscribers and SoGA
- AT&T and Verizon both have strong wholesale relationships with TracFone, the largest Prepaid competitor – only a minimal portion of TracFone subscribers are on Sprint’s network
- AT&T is steadily growing in prepaid, both with its branded offering and with its very successful Cricket brand

[redacted]

As Sprint's Subscriber Numbers Fall, So Too Does Its Service Revenue

- Sprint is becoming a smaller company and is actually losing scale, whereas achieving sustainable growth requires Sprint to increase scale



Sprint SEC 10-K Filings and Sprint analysis

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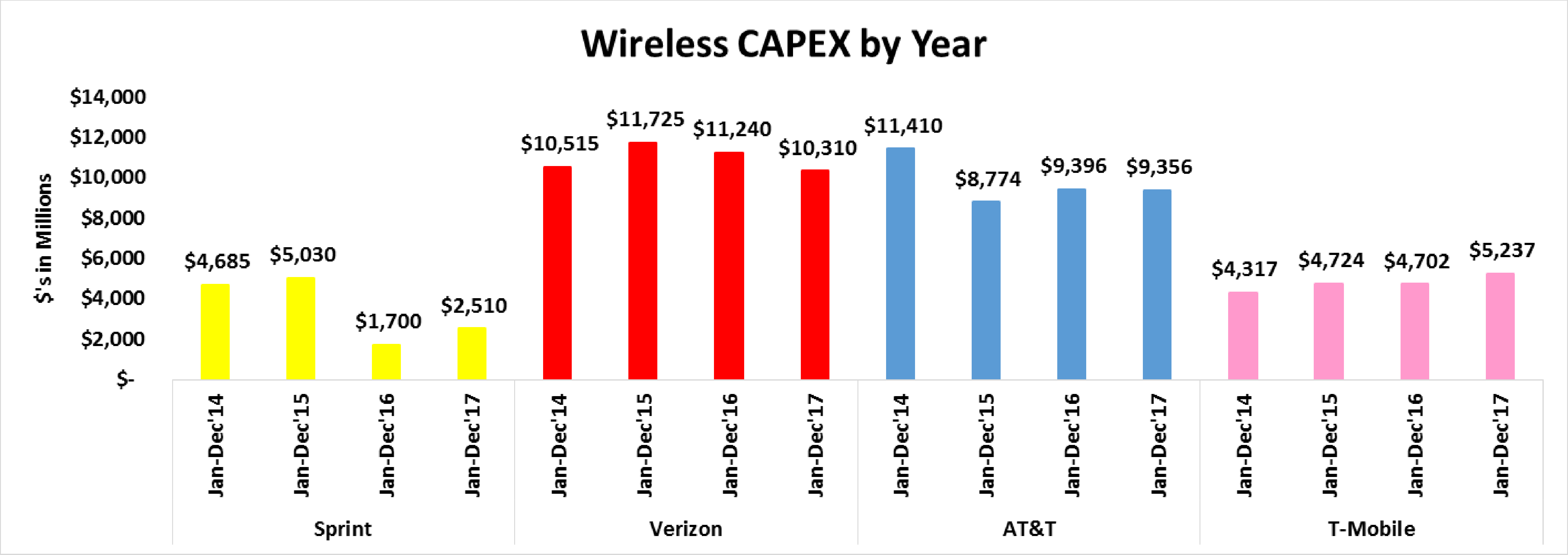
Sprint Transformation Focused on Cost Cutting

- Sprint has eliminated about $10 billion in annual costs, allowing it to boost near-term profitability
- But cost cutting is nearing its limit and becoming more difficult

[redacted]

Sprint is Unable to Consistently Make Necessary Network Investments

- Sprint has not been able to invest sufficient capital to achieve network performance necessary to attract and retain enough subscribers to improve its scale
- Sprint can periodically increase CapEx spending to fund projects, but cannot sustainably spend enough to close the network performance gap with AT&T and Verizon



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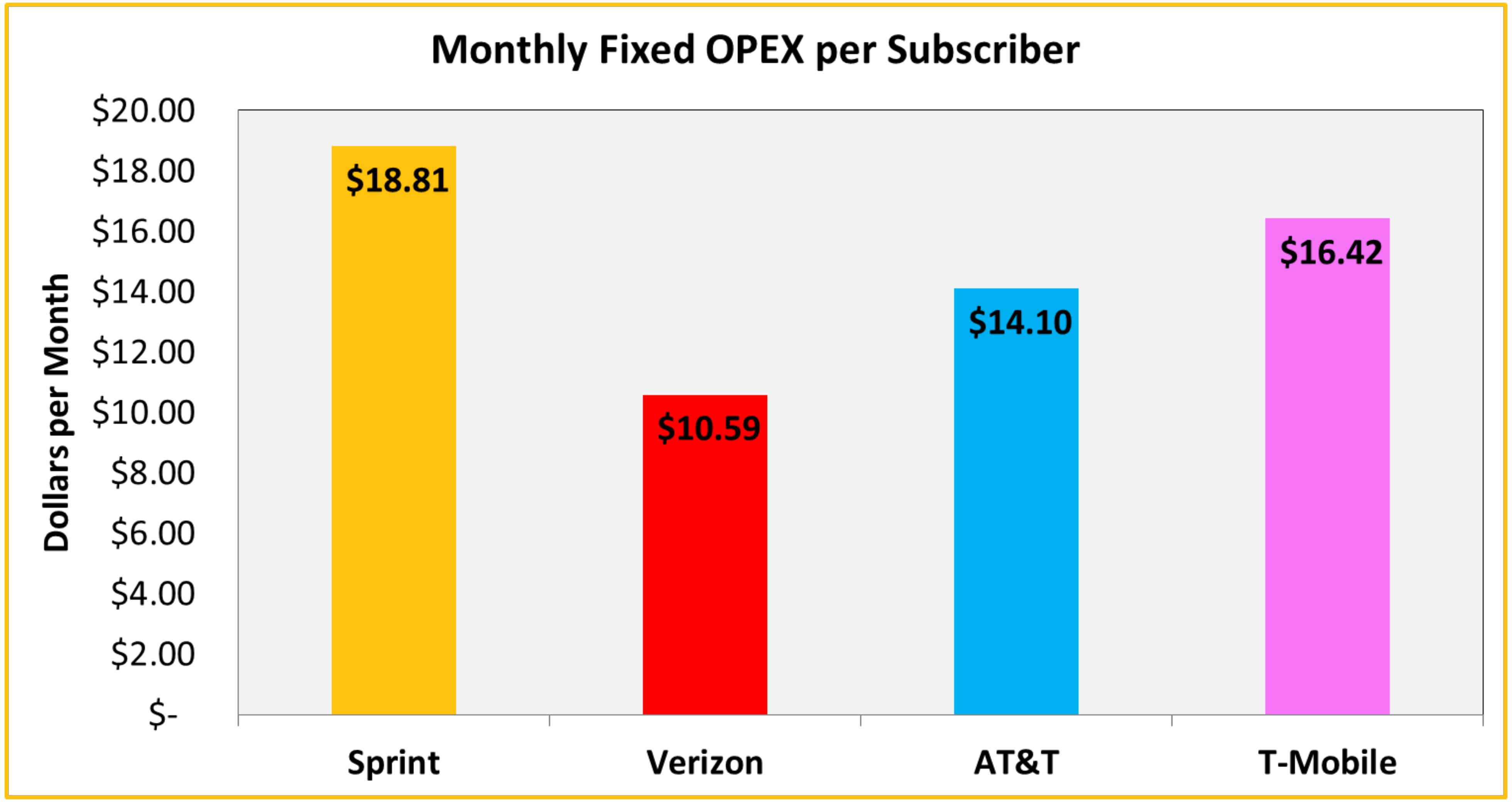
Sprint's Scale Imposes Significant Operating Cost Disadvantage

Sprint
Now.

- Despite cost cutting, Sprint still must spend significantly more per subscriber, per month, to support its wireless offerings, illustrating scale disadvantages from low subscriber share



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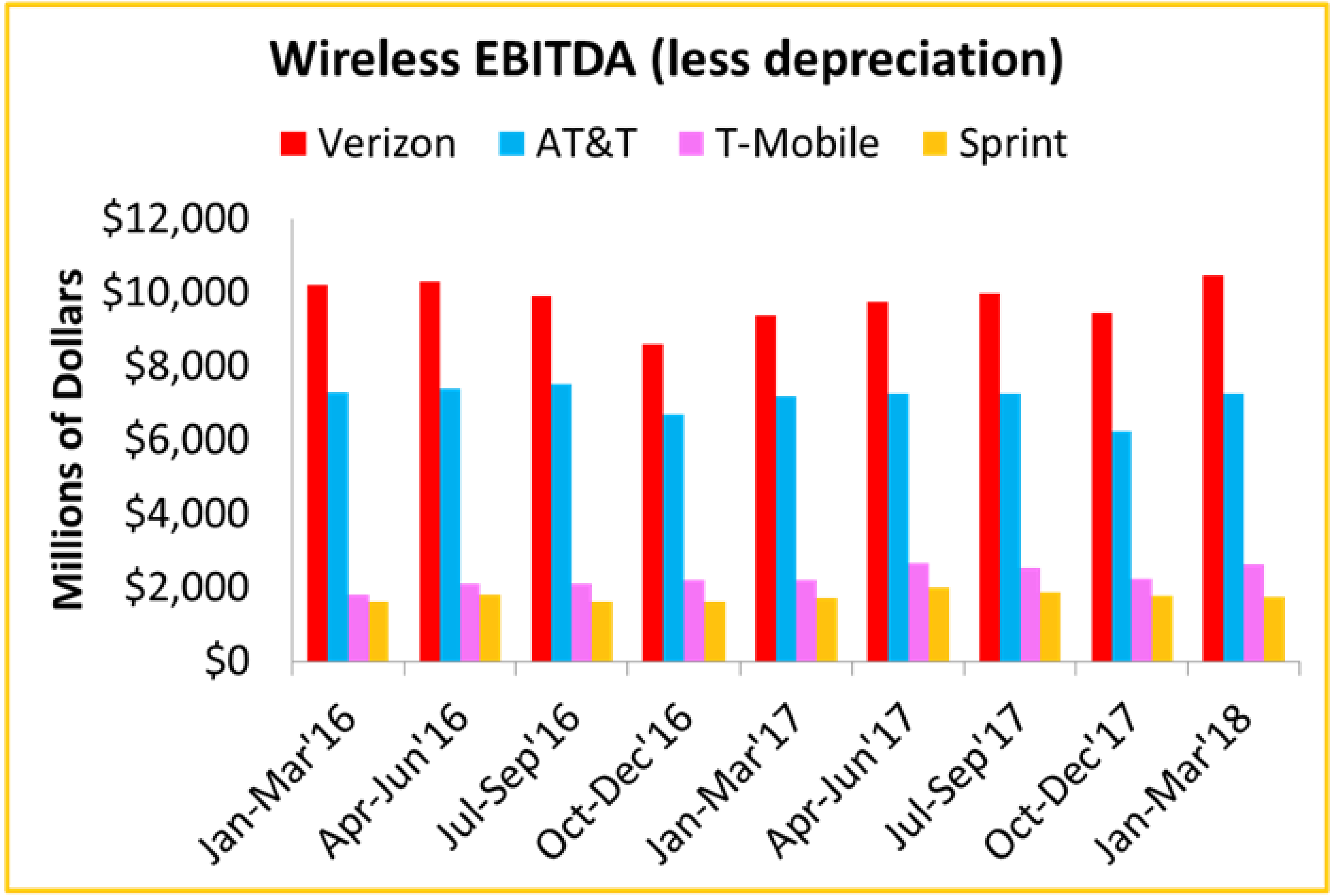
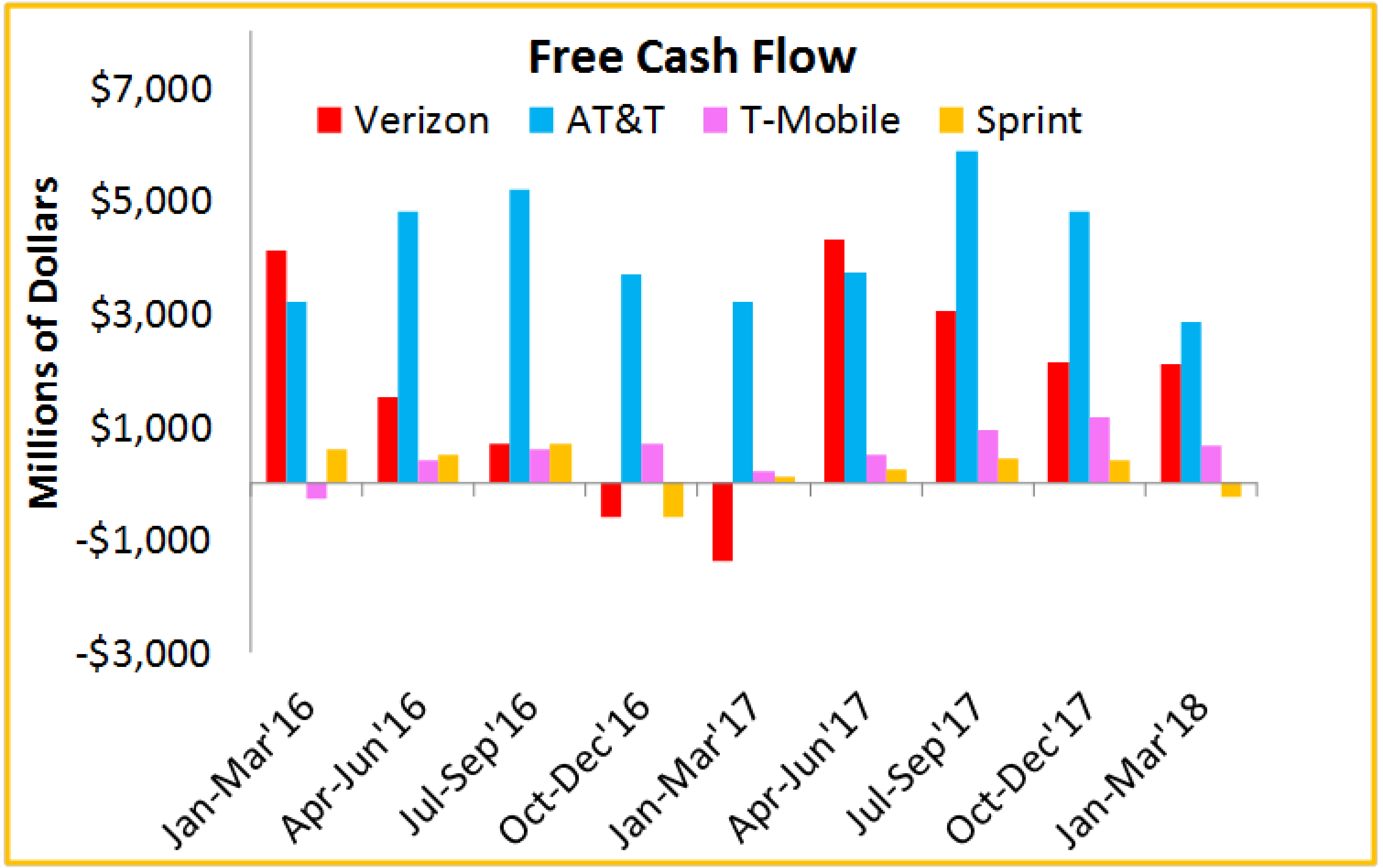
Sprint Also Lags Behind the Industry in EBITDA and FCF

- Sprint accounts for only about 12% of industry EBITDA, lagging behind AT&T and Verizon, which account for about 30% and 45%, respectively
- Although Sprint has recently had positive cash flow as a result of significant cuts to CapEx, it lags behind AT&T and Verizon, both of which ended 2017 with more than $2 billion in free cash flow





Competitive Results Summary Jan – Mar '18 (May, 7, 2018) Slide 62

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Sprint's Performance Metrics Show It Still Faces Significant Challenges

- Net Income – FY2017 was the first profitable year for Sprint in eleven years, as a result of tax treatment and lower network CapEx spend
- Free Cash Flow – marginally positive, but negative for five of the last seven years
- Market Share – declined as Sprint underwent painful network modernization and slipped from #3 to #4
- Churn – Sprint has much higher churn than its national competitors, and churn continues to rise [redacted]
  - Losing subscribers who "step away" rather than "step up" from promotional pricing [redacted]
- Share of Gross Adds – Sprint has lowest postpaid SoGA and is #4 in prepaid SoGA, preventing it from meaningfully increasing subscriber base
- CapEx – Sprint has been unable to invest consistently in its network, hampering its ability to market its network effectively
- High Levels of Debt – Sprint carries over $40 billion in debt, requiring the company to balance debt payments with the need to invest in the network

Sprint Options and Strategies As Standalone Company - Localization

- Facing declining share at the national level, Sprint developed a strategy to focus on local areas to drive growth
- “Localization 2.0” strategy involved increases in local marketing, network spend, and retail distribution in specific cities, but the program has not met targets needed to support investments
- Program designed to drive SoGA and churn improvements to grow base share through coordinated network, distribution, sales and marketing efforts in selected markets
- 10 geographies initially identified, reduced to 6 due to lack of resources: Chicago, Cleveland, Cincinnati, Orlando, Miami, Dallas-FW (only elevated marketing investments, no distribution or network enhancements)

Sprint Options and Strategies As Standalone Company - Promotions

- Sprint has attempted to position itself as a value leader through Unlimited offers and other promotions, to limited effect
- Sprint has attempted to attract customers with discounted promotional pricing, but network quality is critical to keeping subscribers
- While Sprint has struggled to improve perception of its network, its business cases have assumed that promotions would lure customers, and that Sprint would retain them
- Recent focus for Sprint has been heavy discounts for multi-line plans, but even with these promotional efforts Sprint remains last in postpaid SoGA and has the highest churn
- However, while these promotional efforts have attracted short term attention, they have failed to drive sustained subscriber growth
- Due to challenging economics of promotional pricing, Sprint recently increased rate plans

Recent Net Add Growth Driven By Promotional "Free" Lines

[redacted]

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Pricing Promotions Have Not Led to Share Gains

- Despite promotional efforts that have led to a significant drop in ARPU, Sprint has continued to suffer a decline in subscribers
- Promotional moves, such as low introductory rate plans and free lines, yield short-lived improvements in net adds but have not provided sustained growth

[redacted]

Pricing Moves Have Not Led to Profitable Growth

- At the end of 2017, Sprint Finance assessed the impact of Sprint's aggressive pricing and concluded that it was not resulting in adequate customer growth or retention to pay for itself

[redacted]

These Realities Have Led Us to Raise Prices

Sprint Now.

- Recently announced revamp of our pricing plans reflects elimination of aggressive zero-pricing for lines 3-5 and raises prices on both absolute and value-adjusted basis.

	OLD Unlimited Freedom Single Tier/HD Video	
	Promo Pricing	Initial Step-Up Pricing
Line 1	$60	$60
Line 2	$40	$40
Line 3	$0	$15
Line 4	$0	$15
Line 5	$0	$15
SD/HD	HD	HD
Tethering	10GB	10GB

NEW Unlimited Basic	
SD Video	Change
$60	--
$40	--
$20	+$20 (+$5)
$20	+$20 (+$5)
$20	+$20 (+$5)
SD	Inferior
500MB	Inferior

OR

NEW Unlimited Plus	
HD Video	Change
$70	+$10
$50	+$10
$30	+$10
$30	+$30 (+$15)
$30	+$30 (+$15)
HD	--
15GB	+5GB

Continued Promotional Efforts

- Loss of subscribers from increased churn and "step outs" exacerbates Sprint's scale disadvantages

- Promotional efforts continue to be necessary to gain subscribers, but need to be focused

- Short-term promotions are being tested (as opposed to lowering overall plan pricing), targeted at online and BYOD promotions

- Even if promotions result in subscriber additions in the short term, key question is whether these subscribers will remain long enough to be profitable

No Obvious Path to Solve Key Business Challenges

- Sprint needs to make significant investments in its network, but even with our business transformation and improved cost structure, our debt burden and lack of scale and profitability diminish our ability to simultaneously increase investment in our network *and* offer promotional pricing

- Sprint must focus on investing in its LTE and 5G networks; however, this requires cutting back on promotions and on pricing especially when they do not create profitable growth

- In the meantime, given the weak perception of the Sprint network and perceived value proposition, growth cannot be achieved while simultaneously charging higher prices.