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TRANSCRIPT OF AUDIO RECORDINGS

2018_Special_Edition_Town_Hall_100518

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REPORTER'S NOTES

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1 MR. CLAURE: All right. (Cheers.) All right. Sit down. All right. (Cheers.) All right, guys. (Cheers and
applause.) All right. (Applause.)

2

3

Thank you.

4

5

Can you guys hear me?

6

7

AUDIENCE: Yes.

8

9

MR. CLAURE: I want to make sure that we don't burn this place place down. (Laughter.)

10

11

Well, first of all, I want to tell you, God, I miss you guys even when I'm in Japan. (Cheers and applause.) You
know, as I as I reflect on this, I think I've been blessed my life has been blessed to take me to places that I
never dreamed it was possible, and being here on stage with my friends from T-Mobile, that was definitely
something that we never thought it was going to happen. Huh? (Laughter.)

14

15

So first say sorry that it has taken us so long to do this. We've been busy. John and Mike will brief you on
everything we've been doing in terms of millions and millions of documents being sent to the FCC, to the DOJ,
to all that. And we should have done this a little sooner, but I'm glad we're here today.

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1 I'd also want to thank you for your resilience. I mean, God, we've put you through a lot these last couple of years.
2 This roller coaster ride so I want to thank you. And I want to tell you that I'm super proud of every single one of
3 you—the ones here, the ones that are listening to us. It is your hard work, your dedication, your passion that's
4 allowed us to be here today.

3

4

5 My network team that has allowed us to basically put our network back in the game, my brand team, the
6 marketing team who's been able to make this brand relevant by bringing the can-you-hear-me-now-dude from
7 Verizon (laughter) the fact that we've gone—we've gone from losing millions of customers to actually having
8 record years. And the fact that generally we had delivered on a financial plan that we all signed up in 2014.

7

8 So thank you very much for all your hard work and everything you've done. (Cheers and applause.)

9

10 So when you look in the back, I think the most important word there is finally. Our shareholders of SoftBank
11 and at Deutsche Telekom have tried to—done this a few times. We tried it in 2013; we tried it again in 2017; and
12 it didn't

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1 happen. But it wasn't meant to be. It didn't feel right. The story wasn't complete.

2

3 So, then, I want to share with you now how in the world we got here. Before I couldn't do it because, you know,
4 there's there's the DOJ and the FCC. And we had to send the documents, and we couldn't share. But I'll share
5 with you a little story of why we made the decision to pursue this.

5

6 And it was back in January after a CTIA board that I had and then I started saying, you know, what could a 5G
7 network do? It would bring 100 times faster speeds. It would bring lower latency, hundred times the capacity,
8 and 10X of battery for devices. And then I started thinking; I say why can't we do this today? And I say the only
9 way we could build the killer 5G network in the US what if we merge our companies together?

9

10 So to be honest, I checked my ego, and let me walk you through so what happened. So I texted John.
11 (Laughter.) And by the way by the way, this is not made up. This is this is from my phone. And now that the
12 DOJ has taken my phones, (laughter) you know, I cannot well, show it to you.

11

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13 So John answers right back. No, John, I

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1 didn't drop you off the box. Relax. (Laughter.) Huh?

2

3 And then I give my answer. (Laughter.) Yeah.

4

5 And he said, Yes. Let's just agree we will meet next week, and we're going to work on it. (Laughter.)

6

7 So then I said, Let's not play any games, and I want to be very honest. And I told him, We will be much better as
8 one company.

8

9

10 Make no mistake. This partnership is so powerful because we at Sprint cannot do it alone, and T-Mobile they
11 cannot do it alone. So in order for us to win the way we want to be win is both companies need each other.

11

12 And the main reason why we did this is the compelling story is 5G. And let me tell you why 5G.

13

14 So when you look at our spectrum position, I think we have the most amazing mobile 5G spectrum ready. We
15 have an average more than 200 megahertz of 2.5 gigahertz spectrum. This is spectrum with amazing depth and
16 amazing capacity. However, it's only great for urban areas. It's suboptimal, and it's quite expensive if you

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1 want to roll it out on a nationwide basis, especially in suburbia or in rural America.

2

3 When you look at T-Mobile's spectrum, on the other hand, they have a spectrum that's complementary to ours.
4 They have approximately 30 megahertz of 600 megahertz spectrum with nationwide coverage that basically
5 provides the breadth that we would need. And they have a nice amount of millimeter-wave spectrum that works
6 great on very dense urban America.

7 So when you put them together, it's when you combine this spectrum that's going to allow us to have, not by by
8 far the best spectrum to build the world's most advanced 5G network that's going to serve customers all over
9 America.

10 And that is the difference. This is what makes us unique. This is what AT&T doesn't have; this is what Verizon
11 doesn't have.

12 So before doing this deal, because this deal is bet-the-company type of deal, I took a long time to study why
13 mergers get done in America, which mergers get turned away, which ones get approved. So let me walk you
14 through the logic in terms of what we did before we decided to embark on this.

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1 So the first question we got to ask ourselves is would combining Sprint and T-Mobile benefit the American
2 consumer? And the answer is yes. American consumers are going to benefit from the world's best network at
3 amazing prices. No doubt.

3

4 Secondly, is the combination of this new company going to make the US wireless more competitive? This is
5 very important for the Department of Justice. And the answer is absolutely. This is going to allow us to compete
6 head to head with Verizon and AT&T, all over America, for every type of customers, whether it's the
7 government customers, whether it's large or small enterprises, whether it's consumers, whether it's postpaid,
8 whether it's prepaid, whether it's wholesale. This will allow us to have an amazing product that is going to make
9 this market more competitive.

7

8

9 You've seen Verizon already. You know, they put up that fake 5G that basically doesn't propagate anywhere.
10 Like, John makes fun of them. If you bring your blinds down, 5G won't work in your house with the new
11 Verizon plan. (Laughter.) And that's John's job, not mine. (Laughter.) Okay?

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1 So is the new combination better for our country? This is a huge deal. And absolutely. The US has enjoyed
leadership in 4G that has created over a trillion dollars of economic stimulus to our economy.

2

3

The only way the US retains its leadership is by allowing our companies to merge because we are the only ones
4 that can build a true 5G nationwide network.

5

6 And I think more importantly, and this is one where John and myself spent a lot of time, is: Is this better for you
guys? Is it better for employees? For Sprint employees? For the T-Mobile employees?

7

8

And the answer is absolutely. I personally have no doubt it's better. This is a story about hiring thousands of new
9 employees. It's been painful to be the CEO of a company for four years that we've had to do massive layoffs.
We've all lived it. And I think all of you deserve a chance to be back at being a company that grows that
10 grows and a company that's going to be hiring new employees all over America.

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12 So finally, on April 27th, after many

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1 days of negotiations where in many cases we thought this deal was not going to happen, we signed our
2 agreement. And there's a

3 picture that John sent me, you know, celebrating with a bottle of Prosecco. I like champagne. He likes Prosecco.
4 (Laughter.) So nothing wrong with that. Huh? (Laughter.)

5 But but I'll tell you: What made this moment special wasn't the picture of champagne was the text that I got
6 from John that basically says we made this happen. We are a team. We will deliver big time, and we're all going
7 to do it together Sprint and T-Mobile employees together.

8 So let me recap why I'm so excited about this merger and hopefully why all of you are as excited as John,
9 myself, and the entire leadership team of Sprint and T-Mobile. We made a commitment to create something
10 that's never been created. We're going to build a network that's going to allow you to have the best product for
11 you to sell in your stores. We plan to take this network coverage to all over rural America. Today more than half
12 of Americans only have one choice for wireless, broadband, or cable. We're going to change this

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1 if we plan to provide 5G in every single corner of America.

2

3 We have made a commitment to lower prices. This is not the way mergers usually go. You know, government is
4 skeptical. And I always say what happens when the airlines merged, where they told the government that they
5 were going to lower prices and they didn't; they increased prices.

5

6 The difference is when the airlines merged, they basically reduced the number of seats. Therefore, there was
7 more demand than supply and, therefore, they were able to increase the prices.

7

8

9 A network is like a highway. If you look at that, that is a Sprint highway. Once you build it, it doesn't cost much
10 more to add a new car or to add a new customer. Then, when you look at the T-Mobile network, it's pretty much
11 the same.

10

11

12 But when you combine our two networks, then you have a magical effect. You have a compounding effect that
13 basically we increase the capacity by seven times by 2024. And it's pretty simple. When you have so much
14 capacity when you have a network that has seven times the amount of customers you can bring in, the absolute
15 best way to fill that network is by reducing prices so we can

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1 bring customers from AT&T, from Verizon, from Comcast, from Charter, from this, from anybody that is
2 selling wireless or wireless broadband. So this is why we're able to sit and make a hard commitment to
everybody that we plan to lower prices.

3

4 From a jobs perspective, right, both John and I testified in front of the US Congress, under penalty of perjury
(laughter), under oath, that we were committed to adding new jobs to the economy all sort of jobs.

5

6

7 We're going to have jobs in engineering, jobs are going to be deploying the network, retail jobs, telesales jobs,
8 Care jobs, all sort of jobs that this company is going to create. So this is one of those rare instances when you
have two CEOs from publicly-traded companies who, under oath, make a commitment to create new jobs.

8

9

10 Now, let's bring this home to Overland Park; to our folks in Reston, Virginia; to our tens of thousands of Care
employees and and retail employees throughout the US. Kansas City is going to be a major place of
employment, and it will be one of the two headquarters of the new company.

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12

But more importantly my main ask to John

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1 when we did this merger was that we are going to choose the best employee for the jobs. T-Mobile employees
2 doesn't automatically get a job; Sprint employees don't automatically get a job. We are going to choose who is
3 the best person that is suited to do specific jobs, and that is a big deal. That, to me, was the most important part
4 when doing this merger. The fact that T-Mobile is going to be a larger shareholder that doesn't guarantee that all
5 jobs go to T-Mobile.

6
7
8 And the commitment that I have from John that you will be able to tell him today or ask him is that every one
9 of the Sprint employees have the exact same chance than a T-Mobile employees of getting those jobs.

10
11
12 So I have no doubt that we are going to form an amazing team together. We have similar cultures. We're both
13 passionate of our customers. We're both innovators, and we're both determined to win. And we both love our
14 customers, and we are committed to creating the world's best company.

15
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17 Thank you. (Applause.)

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20 So now I have a message for you. Before I introduce you to John it's okay. We got to treat
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1 him right for the next two hours. (Laughter.) But after that, until our merger gets approved, we got to work
2 harder than ever to take every single T-Mobile customer out there and bring it to a Sprint network. (Cheers and
3 applause.)

4 Now now let me tell you about John. You know, I've gotten to know him. More importantly, I respect him. I
5 like him a lot. He has become a friend and someone that I've even welcomed into my family. (Laughter.)

6 So, John, please let me welcome John on stage. Thank you. John? (Applause.) Thank you.
7

8 MR. LEGERE: Thank you.
9

10 I don't know, Mar- I don't know, Marcelo. To your point, you gave us all those customers. Why do you want to
11 start taking them back now? (Laughter.)

12 Come on. Just kidding. (Boos.) Come on.
13

14 You know what? I I have to say that's one of the first times I ever understood 5G. Thank you for that.
15 (Applause.)

16 I saw I my general counsel was going, Shit. That's what 5G is.
17

18 Thanks, Marcelo. (Laughter.) Those those car things were great.
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1 You know, it is really incredible for me to be standing here with you. It's also amazing to be here looking at the
2 two logos together. You know, suffice it to say being here today and by the way, to everybody up in the winter
garden room, who I made a few people dress up as me that are standing there thank you for that.

3

4 Reston, Virginia, that always already thinks we're going to forget about them. And people around the country,
5 we're talking to you as well.

6

7

This is a this is a long overdue, but actually early, time to be here. It's very complicated.

8

9

For me, I can't believe it took this long to come down to accomplish several things, one of which is just say
hello. Who is this guy? Who are these people?

10

11 Importantly, as well, to see if everything that Marcelo is saying they're both saying? Do we agree?

12

13 And then to start a process that, as as Marcelo said, we are fierce competitors right now. That by the way, my
14 our little banter is important because if we weren't kind of competing with each other, we wouldn't be playing the
game the

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1 way we're supposed to be playing.

2

3 So, Dave Miller, my general counsel, that was pretty good; right? (Laughter.)

4

5 Now, there's I do want to start with something that I think I uniquely understand from from your perspective,
6 and that is to go where Marcelo said and congratulate you on what you've been doing.

7

8 And not just over the past few years, but right now. We've been through a journey at T-Mobile that's very similar
9 to what what you're going through. And, you know, this is this is double hard right now, which is we're trying
10 to figure out how to work through the uncertainty that's caused with customers and with employees while
11 competing feverishly as two very small competitors in a gigantic market.

10

11 I think we know a great deal about each other. And I think the way we have worked back and forth is a sign of
12 tremendous mutual respect.

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14 And, frankly, you know, our journey has not been easy. There there's so much similarity

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1 between all of them. Very important to start right in the beginning, though. With all that we've done, each of us,
2 we have not laid a glove on AT&T and Verizon. And they are the mother lode of opportunity.

3

4

(Laughter.)

5

6

You know, we can make fun of them, but making fun of them is really just portraying the opportunity in the
7 eyes of customers.

8

9

Now, let me go through a couple of things. This by the way, this is Marcelo and I had a few it's kind of
10 difficult for Marcelo and I to meet privately. (Laughter.) This was backstage at the McGregor fight in Las

11

Vegas. And bad enough I show up as a walking billboard, which by the way, I only do on days that end in Y.

12

(Laughter.) And and and Marcelo comes in his shoes were half my height. It was (laughter) and and, you
13 know, I want to just compare a few things.

14

15

Now, when I first came to T-Mobile and stopped and, you know, I was not as steeped as many. I I've learned so
16 much about your backgrounds. I didn't have, and I don't have your

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1 backgrounds. So, in effect, I learn and lead by listening, listening as much as I can and finding out what
2 customers want and what employees want.

3

4

5 And I spent so much time thinking about what we termed the Un-carrier. And I think that's a piece that's quite
6 similar to you. We were trying to be different, you know, different than these big, slow moving, you know,
7 arrogant companies that took their customers for granted.

8

9

10 You'll get a theme. It's it's kind of not going to stop. (Laughter.) And and so going from there even in the very
11 beginning, I had in my mind: What could we do together? Way in the beginning. What would happen if you
12 could take the cultures and the capabilities of Sprint and T-Mobile and put them together? So this was always an
13 idea that we had.

14

15 You know, one time we were bigger, you were bigger. But but it was always there, if it was for scale or for
16 whatever, we were kind of always it made sense you realize one thing we'd be fighting and by the way, I want
17 to let you know I was telling some of the group. I love a good shot, and I tell you this. Sometimes that you
18 guys just cleaned my clock, and I would just

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1 take it and go into my team and say, You got to admit. That was pretty good. (Laughter.)

2

3 And there were some great things and and I have tremendous respect to for everything you did.

4

5 Now, Marcelo and I had talked a few times. We tried so many ways, but everything Marcelo showed you was a
6 hundred percent true. And he called in that one more time. You know, it was hard because we d gone through
7 this many times, and he said, I think it s time, and the catalyst is 5G. We should meet.

7

8 Now, I got to tell you. We hadn t been meeting a lot when I first met. The concept of meeting Marcelo was very
9 foreign to me. You know so in the beginning, a little bit of my texts were shit, I ll text with anybody; let s see if
10 I can get the guy to tell me anything. (Laughter.) Right?

10

11 And and so he said you know, then I talking to I said you should meet with Marcelo. A lot of people saying,
12 You and Marcelo should meet. By the way, you ll like him.

12

13

14 And I m thinking holy shit; that must be a banker. I mean (laughter) right?

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