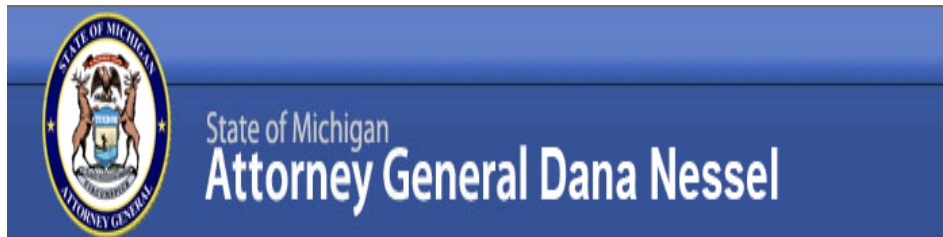


MI AG Nessel Joins Effort to Block T-Mobile, Sprint Megamerger

Contact: Kelly Rossman-McKinney (517) 335-7666

Agency: Attorney General



MEDIA CONTACT:

Kelly Rossman-McKinney

(o) 517-335-7666 (c) 517-512-9342

Dan Olsen

(o) 517-335-7666 (c) 517-290-7807

FOR IMMEDIATE RELEASE

Tuesday, June 11, 2019

MI AG Nessel Joins Effort to Block T-Mobile, Sprint Megamerger



*STATES ALLEGE MERGER IS
ANTICOMPETITIVE AND WILL DRIVE-UP
PRICES FOR CONSUMERS THROUGHOUT
THE COUNTRY*



LANSING – Michigan Attorney General Dana Nessel joined nine other attorneys general across the country today in **filing a multi-state lawsuit** to halt the proposed merger of telecom giants T-Mobile and Sprint. The complaint, filed in New York federal court, alleges that the merger of two of the four largest



mobile network operators in the country would deprive consumers of the benefits of competition and drive up prices for cellphone services.

“We cannot sit idly by while two of the biggest companies in the country attempt to join forces, eliminating competition between Sprint and T-Mobile and likely raising prices by nearly 10 percent,” said Nessel. “As the eighth largest mobile wireless consumer market in the United States, we must protect Michigan residents – and every cell phone customer in the country – from a move by corporate players that will enrich their shareholders on the backs of their customers. In fact, the executives at T-Mobile and Sprint are hell-bent on closing this deal because they themselves will personally benefit from financial incentives like stock options and compensation to close the deal.”

The proposed merger will especially impact low-income consumers who rely on prepaid services, added Nessel.

T-Mobile US Inc. and Sprint Corporation are the third and fourth largest mobile wireless networks in the U.S. and are the lower-cost carriers among the “Big Four” with Verizon Wireless and AT&T rounding out the market. Intense competition, spurred by T-Mobile and Sprint, has meant declining prices, increased coverage, and better quality for all mobile phone subscribers. According to the Labor Department, the average cost of mobile service has fallen by roughly 28 percent over the last decade, while mobile data consumption has grown rapidly. The merger, however, would put an end to that fierce competition, which has delivered a great number of benefits to consumers.



Currently, the average U.S. household spends approximately \$1,100 annually on cellphone services. Even a small price increase can result in suspension or cancellation of cellphone service for many families, especially those with lower incomes, the suit argues.



While T-Mobile and Sprint have promised their merger would offer lightning-fast speeds and increased capacity, the Attorneys General found that many of the claimed benefits were unverifiable and could only be delivered years into the future, if ever. In fact, if the merger were to go through, the combined company would immediately have the power and



incentive to raise prices while cutting quality. In short, any theoretical efficiencies that could be realized from the merger would be outweighed by the transaction's immediate harm to competition and consumers.

Additionally, the merger would harm thousands of hard-working mobile wireless independent dealers across the nation. Further consolidation at the carrier level would lead to a substantial loss of retail jobs, as well as lower pay for these workers in the near future.

Before filing suit, the states seriously considered T-Mobile's and Sprint's claims of increased coverage in rural areas. However, T-Mobile has yet to provide plans to build any new cell sites in areas that would not otherwise be served by either T-Mobile or Sprint. And, as stated in the complaint, the U.S. previously won the "race to LTE (4G service)" as a direct result of vigorous competition among wireless carriers. Finally, continued competition, not concentration, is most likely to spur rapid development of a nationwide 5G network and other innovations.

The complaint was filed under seal in United States District Court for the Southern District of New York by New York Attorney General Letitia James and California Attorney General Xavier Becerra, along with Colorado, Connecticut, Maryland, Michigan, Mississippi, Virginia, Wisconsin, and Washington, D.C. **A copy of the redacted version can be read here.**

T-Mobile currently has more than 79 million subscribers and is a majority-owned subsidiary of Deutsche Telekom AG. Sprint Corp. currently has more than 54 million subscribers, and is a majority-owned subsidiary of SoftBank Group Corp.



###



RELATED CONTENT

Michigan AG Nessel's Statement On Strampel Verdict

Law Enforcement to Vigilantes: Leave Investigations to Law Enforcement

Michigan AG Nessel, Supreme Court Justices Bernstein and Cavanagh Kick Off Elder Abuse Listening Tour in Grand Rapids

