

## **SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS**

This Settlement Agreement and Release of all Claims (“Agreement”) is entered into as of March 9, 2020, between T-Mobile US, Inc. (“T-Mobile”) and Sprint Corporation (“Sprint”), including their respective affiliates (collectively, the “Companies”), on the one hand, and the State of California, on the other. “Parties” refers collectively to the Companies and the State of California, and “Party” refers to any one of the Parties, as the context requires.

### *Recitals*

A. On April 29, 2018, the Companies announced that they had entered into a Business Combination Agreement, pursuant to which T-Mobile and Sprint would combine to form the New T-Mobile (the “Merger”). The State of California participated in an investigation of the Merger with the United States Department of Justice, and as part of that investigation, sought and received relevant information from the Companies concerning, among other things, New T-Mobile’s business plan.

B. The State of California, along with certain other States, filed and participated in a lawsuit captioned *State of New York et al. v. Deutsche Telekom AG et al.*, No. 1:19-cv-05434-VM-RWL (S.D.N.Y. filed June 11, 2019) (the “Lawsuit”), alleging that the Merger would violate Section 7 of the Clayton Act, and seeking injunctive relief to prohibit the consummation of the Merger.

C. On February 11, 2020, after a two-week trial, the Honorable Victor Marrero issued a Decision and Order denying the Plaintiff States’ request for a permanent injunction, and entered judgment in the Lawsuit in favor of the Companies.

D. The Parties now wish to fully and finally resolve any and all claims that were or could have been asserted in the Lawsuit, or that otherwise concern the Merger or the competitive impact of the Merger, and they freely and voluntarily enter into this Agreement for that purpose.

In consideration of the mutual covenants contained in this Agreement, the Parties agree as follows:

### *Terms of Agreement*

#### **1. Mobile Plan Price Commitment**

Subject to the consummation of the Merger, and for at least five (5) years following the date on which the consummation of the Merger occurs (“Closing Date”), New T-Mobile will make available to retail customers of New T-Mobile resident in the State of California the following rate plans:

- i. Unlimited talk, text, and 2GB of high-speed data for \$15 per month; and

- ii. Unlimited talk, text, and 5GB of high-speed data for \$25 per month.

Additionally, for at least five (5) years following the Closing Date, New T-Mobile will make available in the State of California the same or better smartphone consumer rate plans as T-Mobile and Sprint plans offered on February 4, 2019, in accordance with the terms of T-Mobile's commitments to the FCC.

## **2. *Broadband Access for Education Commitment***

Subject to the consummation of the Merger, and for a period of 5 years from the Closing Date, New T-Mobile will make available a nationwide broadband Internet access program that provides free connectivity and equipment to qualifying households with school-age children (the "Educational Broadband Access Program").

Under the Educational Broadband Access Program, New T-Mobile will make available for up to 10 million qualifying households nationwide (up to 2 million total devices and connections available each year during the 5-year period):

- i. 100GB of no-cost broadband internet service per year;
- ii. a free mobile wi-fi hotspot device (up to \$700 million of such hardware commitment nationwide over the duration of the period); and
- iii. the option to purchase select wi-fi-enabled tablets at New T-Mobile's cost for each qualifying household.

New T-Mobile will allocate the total available connections in each year by State among all States in which New T-Mobile operates, including the State of California, based on each State's total share of the United States population, using the 2016 Pitney Bowes study.<sup>1</sup> The qualifications of households within the State of California will be determined by the State of California, in coordination with New T-Mobile, but the total number of qualifying households within the State of California shall not exceed its proportionate share of 2 million total devices and connections made available each year.

## **3. *Jobs Commitment***

Subject to the consummation of the Merger:

- i. for those non-executive T-Mobile and Sprint employees who join DISH Network within one year of the Closing Date, New T-Mobile shall waive any applicable non-compete obligations, provided, however, that nothing in this provision shall affect New T-Mobile's right to enforce any applicable restrictions on the disclosure or use of confidential or proprietary information;
- ii. all T-Mobile and Sprint retail employees in the State of California who are in good standing as of the Closing Date will receive an offer of substantially similar

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<sup>1</sup> The 2016 Pitney Bowes study is based on the 2010 Census, but then updated based on more recent information.

employment with New T-Mobile, subject to the Companies' obligations with respect to Sprint prepaid employees under the Stipulation and Order and Proposed Final Judgment in *United States v. Deutsche Telekom AG*, No. 1:19-cv-02232 (D.D.C. filed July 26, 2019);

- iii. New T-Mobile commits that, as of the day that is three years after the Closing Date, the total number of New T-Mobile employees in the State of California will be equal to, or greater than, the total number of Sprint and T-Mobile employees in the State of California on the Closing Date; and
- iv. New T-Mobile commits that it will open a new Customer Experience Center located in Kingsburg, California, which New T-Mobile reasonably anticipates will create approximately 1,000 jobs.

#### **4. *Diversity Commitment***

Subject to the consummation of the Merger, New T-Mobile will make reasonable efforts to increase the participation rate in its employee Diversity & Inclusion Program to 60% within three years of the Closing Date.

#### **5. *Fees and Costs***

The Companies waive their right to collect costs from the State of California, as permitted under Fed. R. Civ. P. 54(d), in connection with the Lawsuit.

New T-Mobile agrees to reimburse the State of California for its actual fees and costs incurred and paid in investigating the Merger and in connection with the Lawsuit, subject to the cap described in this section. New T-Mobile shall only be obligated to reimburse the State of California for reasonable fees and costs incurred and paid up to the State of California's proportionate share of \$15,000,000, to be calculated based on the State of California's share of the total population of the Plaintiff States,<sup>2</sup> using the 2016 Pitney Bowes study; provided, however, that if the Companies execute a separate settlement agreement with the remaining Plaintiff States on or before March 11, 2020, and the combined total amount of reimbursable fees and costs due to all Plaintiff States is less than \$15,000,000, New T-Mobile agrees that California and any other Plaintiff State that has additional unreimbursed fees and costs incurred and paid in investigating the Merger and in connection with the Lawsuit ("Excess Contribution States") may seek reimbursement of those additional fees and costs until the combined total amount of all reimbursable fees and costs paid to Plaintiff States equals \$15,000,000. Any additional reimbursement to Excess Contribution States shall (1) be allocated as determined by agreement of all Excess Contribution States, or (2) absent such agreement, be calculated based on each Excess Contribution State's share of the total population of the Excess Contribution States, using the 2016 Pitney Bowes study. New T-Mobile shall make the payment required by this

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<sup>2</sup> "Plaintiff States" means the State of California, the State of Wisconsin, the State of Michigan, the State of Maryland, the State of Connecticut, the State of Minnesota, the State of Hawaii, the State of Illinois, the State of Oregon, the Commonwealth of Pennsylvania, the Commonwealth of Virginia, the Commonwealth of Massachusetts, and the District of Columbia.

section by the later of (1) 30 days after the Closing Date; and (2) 21 days after the State of California and all remaining Plaintiff States provide New T-Mobile with documentation reasonably sufficient to establish all of the fees and costs for which reimbursement is sought by Plaintiff States.

New T-Mobile's obligation to make any payment under this section is expressly conditioned on the consummation of the Merger; if the Merger does not close, T-Mobile shall have no obligation to make any payment under this section.

**6. *No Appeal; Public Statement***

The State of California agrees that it will not appeal the judgment in the Lawsuit, and that it will not take any further action opposing the Merger in connection with the Lawsuit or in any other judicial, regulatory, or administrative proceeding, or in any other forum.

The California Attorney General shall issue a public statement no later than March 10, 2020 announcing that it will not appeal the judgment in the Lawsuit.

**7. *Additional Acknowledgments***

The California Attorney General acknowledges the commitments that T-Mobile has made to the FCC, the DOJ, and other entities, and those commitments, in addition to the commitments included in this Agreement, satisfy the Attorney General that this Agreement is in the public interest.

The California Attorney General also acknowledges the value of promptly commencing delivery of the consumer benefits of the Merger, as modified by the commitments that T-Mobile has made to the FCC, the DOJ, in this Agreement, and to other entities.

Other than providing the advisory opinion that was requested by the CPUC under Public Utilities Code section 854(b), the California Attorney General agrees that, from the close of business on March 6, 2020, neither he nor his office will comment publicly or privately on what actions the CPUC should take with respect to its merger proceedings, including on the CPUC's proposed decision, final decision, or on any conditions the CPUC may be considering. Nothing in this provision shall limit or restrict the California Attorney General in carrying out its duties under California Public Utilities Code section 2101.

**8. *Release of Claims***

The Parties agree that this Agreement constitutes a complete and final mutual settlement and release by the Parties of all claims, including, but not limited to, civil claims, causes of action, restitution, disgorgement, damages, fines, costs, penalties, or attorneys' fees, that were asserted in the Lawsuit, that could have been asserted in the Lawsuit in relation to the Merger, or that otherwise arise out of or relate in any way to the Merger, including all such claims against all parents, subsidiaries and affiliates of the Companies, including, without limitation, Deutsche Telekom AG and Softbank Group Corp, and their employees, officers, directors, agents, and representatives. The releases in this section shall apply to any and all such claims arising on or before or based on facts in existence as of the effective date

of this Agreement. For avoidance of doubt, this release does not include any consumer protection claims relating to the Companies' advertising, marketing, and sales practices, nor does it limit or restrict the California Attorney General in carrying out its duties under California Public Utilities Code section 2101.

## **9. *Reporting***

New T-Mobile will provide the California Attorney General with a copy of any reports New T-Mobile submits to the CPUC or the California Emerging Technology Fund in connection with the Merger.

In addition, for any report New T-Mobile submits to the FCC or the DOJ as part of New T-Mobile's compliance with any commitments made to the FCC or the DOJ in relation to the clearance of the Merger, New T-Mobile shall provide the California Attorney General with any portions of the report that are specific to California and that cover the terms of this Agreement.

## **10. *Applicable Law; Enforcement***

The terms, interpretation and enforcement of this Agreement shall be governed by the laws of the State of New York. The exclusive forum for any dispute arising out of or in connection with this Agreement shall be the United States District Court for the Southern District of New York, or if that court lacks subject matter jurisdiction, a New York state court of appropriate jurisdiction located within the Southern District of New York.

The California Attorney General shall promptly notify New T-Mobile of any alleged breach of this Agreement. New T-Mobile shall have a period of 90 days after the date of such notice to explain why there is no breach and, if needed, to cure any alleged breach before the State of California may take any other action to enforce the terms of this Agreement.

If New T-Mobile fails to cure any material breach of this Agreement within 90 days after receiving such notice, the State of California may institute a breach of contract action as provided for in this Agreement. In any such action, the State of California may seek an order requiring specific performance of the terms of this Agreement, if appropriate. In addition, the State of California may seek damages for actual consumer harm caused by any material breach of this Agreement, but New T-Mobile's liability for damages shall be limited to a maximum of \$2,000,000 for each material breach of this Agreement.

## **11. *Force Majeure***

The Parties shall not be considered in breach of this Agreement to the extent that performance of their obligations is prevented by force majeure events beyond the Parties' reasonable control, including but not limited to war, rebellion, hurricanes and other major storms, earthquakes, fires, terrorism, pandemics, strikes, riots, insurrections, civil commotions, blockades, law or order of any federal government body exercising jurisdiction over the Parties, significant interference by or significant failures of state or local governmental authorities, significant interruptions in the supply chain, or acts of God.

**12. *Conflicts***

If any statute or regulation pertaining to the subject matter of this Agreement is enacted, promulgated, modified, or interpreted by the Federal government or any Federal agency, such as the FCC, and a court of competent jurisdiction holds that such statute or regulation is in conflict with any provision of this Agreement, the Companies' compliance with such statute or regulation shall also constitute compliance with the relevant provision of this Agreement.

**13. *Entire Agreement and Acknowledgement***

This Agreement supersedes any and all prior negotiations or agreements between the Parties relating to this matter and a compromise of their respective claims and represents the entire agreement between the Parties with respect to this compromise. Each Party acknowledges and represents that in entering into this Agreement, it has not relied on any statement, representation, or warranty that is not expressly set out in this Agreement. This Agreement may be modified only through a writing signed by all Parties.

**14. *No Admission of Liability***

This Agreement memorializes a compromise of disputed claims, and the covenants and promises contained in this Agreement shall not be construed as admissions of liability or wrongdoing by any Party, or as admissions as to the validity of any claim or defense.

**15. *No Third-Party Beneficiaries***

The Parties agree and acknowledge that this Agreement is solely for the benefit of the Parties, and that, other than the persons and entities described in section 8, no person or entity is intended to be a third-party beneficiary of any provision of this Agreement for any reason, including specifically for the purposes of any civil, criminal, or administrative action in any court or before any other authority. No other person or entity shall be permitted to assert any claim or right as a beneficiary or protected class under this Agreement, provided that nothing in this Agreement shall be construed to deprive any person, corporation, association, agency, or other entity of any right provided by law, regulation, or administrative pronouncement independent of this Agreement.

**16. *Complete Defense***

This Agreement may be pleaded as a complete defense to any action or other proceeding, to the extent that action or other proceeding is barred by Parties' releases set forth in section 8.

**17. *Severability***

If a court holds any provision of this Agreement to be illegal, invalid, or unenforceable for any reason, that provision shall be fully severable to the extent permitted by law, and this Agreement and its terms shall be construed and enforced as if the unenforceable provision

had never been a part of the Agreement. Under these circumstances, the remaining provisions of the Agreement shall remain in full force and effect.

**18. *Term***

This Agreement shall expire five years after the Closing Date.

**19. *Authority***

Each person executing this Agreement as an agent or in a representative capacity warrants that he or she has full authority to do so.

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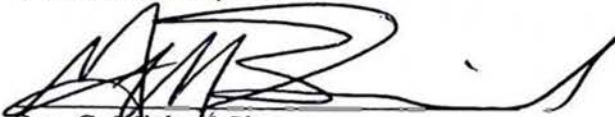
**20. Multiple Counterparts**

The Parties may execute this Agreement in multiple counterparts, all of which when taken together shall be construed as, and enforceable as, the Agreement. The effective date of this Agreement shall be the date of its execution by the last Party.

The undersigned have executed this Settlement Agreement and Release of Claims as of the date of the last signature below.

Date: March 9, 2020

T-MOBILE US, INC.



By: G. Michael Sievert  
President and Chief Operating Officer  
T-Mobile US, Inc.

Date: March \_\_, 2020

SPRINT CORPORATION

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By:

Its:

Date: March \_\_, 2020

FOR THE STATE OF CALIFORNIA

XAVIER BECERRA  
ATTORNEY GENERAL OF CALIFORNIA

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By:

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By: JORGE GRACIA

Its: Chief Legal Officer

Date: March \_\_, 2020

FOR THE STATE OF CALIFORNIA

XAVIER BECERRA  
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Its:

Date: March 9, 2020

FOR THE STATE OF CALIFORNIA

XAVIER BECERRA  
ATTORNEY GENERAL OF CALIFORNIA



By: Paula L. Blizzard

Its: Supervising Deputy Attorney General  
Antitrust Section