

Verizon Hearing Exhibit VZ-01

A.20-11-001

Verizon/TracFone Joint Application for
Transfer of Control

Opening Testimony of Verizon Communications
(Public Version)
Errata-Corrected dated April 30, 2021

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Joint Application of
TracFone Wireless, Inc. (U4321C), América
Móvil, S.A.B. de C.V. and Verizon
Communications, Inc. for Approval of
Transfer of Control over Tracfone Wireless,
Inc.

Application 20-11-001
(Filed November 5, 2020)

Opening Testimony for Verizon Communications Inc.

April 30, 2021

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This testimony is submitted in support of the Joint Application of TracFone Wireless, Inc. (“TracFone”), América Móvil, S.A.B. de C.V. (“América Móvil”), and Verizon Communications Inc. (“Verizon,”) for approval of the transfer of TracFone from América Móvil to Verizon (the “Proposed Transaction”).

I. OVERVIEW OF THE PROPOSED TRANSACTION AND ITS RATIONALE [ANGIE KLEIN]

On September 13, 2020, the Joint Applicants entered into an agreement pursuant to which Verizon will acquire TracFone from América Móvil. Under the agreement, América Móvil will sell all of its interests in TracFone to Verizon in exchange for \$3.125 billion in cash and \$3.125 billion in Verizon common stock, subject to customary adjustments, at closing. The Agreement also includes up to an additional \$650 million in future cash consideration related to the achievement of certain performance measures and other commercial arrangements. Upon completion of the Proposed Transaction, TracFone will become a wholly owned direct subsidiary of Verizon, and TracFone’s subsidiaries will become wholly owned indirect subsidiaries of Verizon.

This Proposed Transaction is the acquisition of a non-facilities based reseller by a facilities-based provider, involving two companies that do not compete for the same set of customers to any significant extent. This Proposed Transaction is markedly different from the recent T-Mobile/Sprint merger, which involved the consolidation of two major network providers that competed against each other for the same set of customers and raised substantial questions as to its competitive implications. Post-consolidation, Sprint no longer exists in the marketplace. Post-acquisition, TracFone will be a stronger competitor. Rather, this transaction is akin to three previous acquisitions of prepaid providers (which the Commission approved without review under Section 854): T-Mobile’s acquisition of MetroPCS (now Metro) in 2013;

AT&T’s acquisition of Leap Wireless (the parent of Cricket) in 2014; and DISH’s recent acquisition of Boost Mobile in 2020. Indeed, the Proposed Transaction is even more clearly pro-competitive than those precedent transactions: MetroPCS, Leap, and Boost were facilities-based providers, whereas TracFone is a reseller that owns no network facilities. After the closing of the Proposed Transaction, consumers will continue to have the option of purchasing prepaid service from the AT&T, T-Mobile, and DISH brands, as well as from numerous other resellers; the only difference is that the combined TracFone/Verizon will be able to realize substantial cost efficiencies that will make it a stronger competitor, to the benefit of consumers.

Verizon provides nationwide voice and data services to nearly 120 million total wireless connections including nearly 94 million consumer wireless customers across the best, largest, and most reliable 4G LTE network of any U.S. wireless service provider. Verizon also was the first company in the world to launch a commercial 5G mobile network with a commercially-available 5G-enabled smartphone, and it was the first U.S. wireless network to secure 5G global roaming service. The vast majority of Verizon’s wireless customers are “postpaid”; Verizon has by far the smallest share of “prepaid”¹ subscribers among the nationwide wireless service providers. Verizon’s prepaid services, moreover, are targeted at those customers who want premium services and some niche segments; Verizon does not own a brand that has managed to attract material numbers of value conscious customers.

TracFone, by contrast, is exclusively a provider of prepaid (and free LifeLine) wireless services focusing largely on value conscious customers. TracFone offers plans under the

¹ “Postpaid” subscribers are billed each month after service has been provided. “Prepaid” subscribers pay for services in advance of receiving them. See, e.g., *Communications Marketplace Report*, FCC 20-188, ¶ 37 (2020), available at <https://docs.fcc.gov/public/attachments/FCC-20-188A1.pdf>.

TracFone brand, as well as SafeLink Wireless, Straight Talk Wireless, Net10 Wireless, Walmart Family Mobile, Total Wireless, Go Smart Mobile, Page Plus, and Simple Mobile. Through its Clearway brand, TracFone also offers plans tailored to the needs of business customers. Collectively, Verizon understands that as of the November 5, 2020 Joint Application in these proceedings, the TracFone brands accounted for more than 20 million prepaid wireless customers in the U.S., approximately [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] of whom have reported zip codes in California.²

Unlike Verizon, TracFone does not have its own wireless cellular network. TracFone is a mobile *virtual* network operator (“MVNO”) – “virtual” meaning that it relies on the networks of separate facilities-based mobile network operators (“MNOs”), including Verizon, to provide service to its customers. MVNOs are resellers of wireless network capacity; they do not own or operate any physical networks. To serve its customers, TracFone today must negotiate to purchase network capacity from a facilities-based carrier like Verizon, which TracFone then resells to its customers in the form of consumer cellular service. In California, approximately [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] of TracFone’s customers are carried on Verizon’s network.³

² Joint Application for Approval Pursuant to Section 854(a) of Transfer of Control Over TracFone Wireless, Inc., A. 20-11-001 (Nov. 5, 2020), at 8.

³ See Testimony of Eduardo Diaz Corona, CEO of TracFone, dated March 12, 2021, p 3 (based, Verizon understands, on zip code identification information provided by customer but not verified by TracFone).

The fundamental rationale for the Proposed Transaction is to enable the combined company to be a more effective competitor for value conscious prepaid customers than either stands to be alone. Verizon believes that by acquiring TracFone, Verizon can grow its prepaid business by combining Verizon’s network—which can take on substantial incremental subscribers at low incremental cost—with TracFone’s existing and potential customers, its strong distribution channels, its brand recognition among value customers, and its employee base with deep experience in the prepaid business. A combined Verizon/TracFone will compete aggressively and successfully in the prepaid value segment, providing significant benefits to consumers nationwide and here in California. As Verizon Chairman and CEO Hans Vestberg stated: a combined Verizon/TracFone will serve the value customer: “[The Proposed Transaction] gives us a very strong position in the value segment. . . . [W]e want to keep that, and we want to support it [W]e want to be the #1 in our premium market. We want to be the #1 in the value market. So that was the whole idea about it”⁴ Verizon’s commitment to the prepaid value segment and the value customer is central to the business case for the transaction and the benefits that flow from it.

Verizon believes it can achieve its growth objectives with the Proposed Transaction, in part, because the combination of Verizon and TracFone endows TracFone with competitive advantages it would not otherwise possess. As one industry analyst commented, “Verizon has the ability to make TracFone better. Verizon can improve the quality and the customer experience, expand the services the customer can get and use, make it easier to upgrade or

⁴ Verizon Communications Inc., Sellside Analyst Meeting (Virtual), Edited Webcast Transcript at 5, 17 (Nov. 11, 2020) (remarks of Hans Vestberg, Verizon Chairman & CEO) (“Verizon Nov. 11 Analyst Meeting Transcript”), <https://www.verizon.com/about/investors/sellside-analyst-meeting-nov-11>

downgrade as the user needs change. . . . I also expect Verizon to market to ordinary Americans who prefer a lower cost, but still high-quality wireless user experience.”⁵ As described further below, the combination of Verizon’s network and TracFone’s existing reach into the price-conscious end of the wireless business will bring “owner’s economics” to TracFone; transform the price, quality, and innovation of TracFone’s offerings; and allow TracFone to compete with nimbleness and speed it cannot accomplish as a reseller.

From Verizon’s perspective, the acquisition of TracFone follows and is consistent with the evolution of the industry toward more competitive, high quality offerings for budget conscious customers. T-Mobile acquired MetroPCS (now Metro) in 2013 and now has more than 20 million retail prepaid customers nationwide;⁶ AT&T acquired Cricket in 2013 and now has approximately 18 million retail prepaid customers nationwide;⁷ and DISH has more than 9 million retail prepaid customers nationwide after acquiring the prepaid brand Boost and its customer base from Sprint.⁸ Verizon, by contrast, has approximately 4 million prepaid subscribers nationwide.

⁵ Jeff Kagan, How Acquiring Tracfone Will Help Verizon, Equities (Sep. 18, 2020) <https://www.equities.com/news/how-acquiring-tracfone-will-help-verizon-jeff-kagan>.

⁶ See T-Mobile US, Inc., Supercharging the Un-carrier: Financial Results, Supplementary Data, Non-GAAP Reconciliations, Reconciliation of Operating Measures, at 5 (Q2 2020), https://s24.q4cdn.com/400059132/files/doc_financials/2020/q2/ER-Tables-Final.pdf. T-Mobile’s branded prepaid customers include customers of T-Mobile and Metro by T-Mobile. See T-Mobile US, Inc., Annual Report (Form 10-K), at 5 (Feb. 6, 2020), [https://s24.q4cdn.com/400059132/files/doc_financials/2019/ar/TMUS-2019-Annual-Report_WD-\(Final\).pdf](https://s24.q4cdn.com/400059132/files/doc_financials/2019/ar/TMUS-2019-Annual-Report_WD-(Final).pdf)

⁷ See AT&T Inc., 2020 AT&T Earnings, Investor Briefing, at 17 (July 23, 2020), <https://investors.att.com/~media/Files/A/ATT-IR/financial-reports/quarterly-earnings/2020/q2-2020/q2-2020-investor-briefing.pdf>. AT&T’s prepaid services are offered under the Cricket and AT&T PREPAIDSM brands. See AT&T Inc., Annual Report (Form 10-K), at 5 (Jan. 31, 2020), <https://otp.tools.investis.com/clients/us/atnt2/sec/sec-show.aspx?FilingId=13936660&Cik=0000732717&Type=PDF&hasPdf=1>.

⁸ See DISH Network Corporation, Quarterly Report (Form 10-Q) (Aug. 7, 2020), <https://ir.dish.com/static-files/6442f61e-796d-4500-9a7f-5a3a0d15caa1>. Boost currently operates as a

As T-Mobile’s and AT&T’s “flanker brands”⁹ have prospered, TracFone has fared less well. In recent years, TracFone has lost nearly 20 percent of its customers, even as the prepaid flanker brands of T-Mobile and AT&T—Metro and Cricket, respectively—have grown substantially.¹⁰ These developments are not surprising; TracFone does not have the assets it needs to be a strong competitor to an MNO like AT&T or T-Mobile—in particular, its own network.

In contrast, Verizon has made and continues to make tremendous capital investments in its wireless network, as a result of which Verizon has a network that is frequently rated as the best performing network in the country¹¹ and in California.¹² Just this week, Verizon announced an additional \$10 billion in capital expenditures over the next three years arising from its long awaited C-Band auction results, in which Verizon succeeded in more than *doubling* its existing

reseller of T-Mobile services, but likely will evolve to be use DISH network services, as the DISH network is deployed.

⁹ A “flanker brand” refers to a wireless service that is offered by an MNO but is separately branded and marketed in order to differentiate it from the MNO’s core brand and attract a different set of customers.

¹⁰ América Móvil Q3 2020 Quarterly Report, at 26 (Oct. 20, 2020) <https://www.americamovil.com/investors/reports-and-filings/quarterly-results/default.aspx> (showing 20% loss in customers and over 350,000 subscribers lost between 3Q19 and 3Q20 alone). *See* AT&T, Q4 2020 Investor Briefing (Jan. 27, 2021), available at https://investors.att.com/~media/Files/A/ATT-IR/financial-reports/quarterly-earnings/2020/q4-2020/4Q2020_Investor_Briefing.pdf (citing strong cricket growth, and showing prepaid subscription increases over 2019). *See also* T-Mobile, Investor Factbook 4Q 2020, 5–6 (2021), [https://s24.q4cdn.com/400059132/files/doc_financials/2020/q4/v2/NG_TMUS-12_31_2020-EX-99.2-Final-\(1\).pdf](https://s24.q4cdn.com/400059132/files/doc_financials/2020/q4/v2/NG_TMUS-12_31_2020-EX-99.2-Final-(1).pdf).

¹¹ *See, e.g.*, RootMetrics, US State of the Mobile Union 2H 2020, https://assets.ctfassets.net/ob7bbcsqy5m2/3DZuJBNdedml8IFxLmVsA3/06e23b03ec39f1b26cd36a242f34eb19/RootMetrics_US_2H2020_SOMU_report-final.pdf, at 10 (“By far the highest award total: Verizon earned an exceptional 790 RootScore Awards out of 875 total award chances at the metro level. In fact, Verizon brought home over twice as many awards as AT&T (382) and nearly five times more than T-Mobile (146).”)

¹² *See, e.g.*, 2H 2020 California State RootScore Report, <https://www.rootmetrics.com/en-US/rootscore/map/state/california/2020/2H> (Verizon ranked #1 across all metrics including Overall Performance, Network Reliability, Network Accessibility, Network Speed (tied with AT&T), Data Performance (tied with AT&T), Call Performance, and Text Performance (tied with AT&T)).

mid-band spectrum holdings by adding an average of 161 MHz of C-Band nationwide for \$52.9 billion, including incentive payments and clearing costs. This spend will be *in addition* to the current capital expenditure guidance of \$17.5 billion to \$18.5 billion for 2021, which is expected to be at comparable levels through 2023.¹³

Verizon has a great opportunity and strong incentive to use its network resources to retain and grow TracFone's customer base, which Verizon largely misses on a retail basis with the business it operates today. And it has a similarly strong incentive to add new users of its network following the Proposed Transaction to continue growing Verizon's customer base and to turn the combined Verizon and TracFone company into more than the sum of its parts.

Verizon looks forward to combining forces with TracFone and its team of experienced employees to better serve current TracFone customers, and attract new prepaid customers, as it extends the benefits of its award-winning network, advanced services, technological innovation, and greater range of Verizon-compatible devices into the prepaid value segment.

II. THE PROPOSED TRANSACTION WILL DELIVER SIGNIFICANT BENEFITS TO TRACFONE'S CURRENT AND FUTURE CUSTOMERS [ANGIE KLEIN]

The Proposed Transaction will benefit current and future TracFone customers, and a robust Verizon presence in the prepaid value segment will generate a new competitive dynamic that will benefit value conscious consumers. A combined Verizon/TracFone will bring about efficiencies compared to what the separate entities could achieve apart, lower TracFone's costs, expand device lineups, and substantially increase the number of distribution outlets. This will enable TracFone to compete more effectively for prepaid customers against rival providers' thriving flanker brands, all in a manner it cannot achieve on its own.

¹³ See Verizon Press Release, 3/10/2021 (last updated 3/11/2021), <https://www.verizon.com/about/news/verizon-announces-c-band-auction-results>.

Verizon today has a substantial relationship with TracFone as the primary supplier of the cellular service that TracFone resells to its customers. As a result, while Verizon has more to learn from TracFone once the deal has closed, Verizon recognizes the opportunities that come from converting TracFone from a reseller of network assets owned by Verizon and other MNOs to directly wielding Verizon's network in competition against the other MNOs and their flanker brands. From Verizon's perspective, the Proposed Transaction will put the combined company in a better position to compete and earn business by bringing more competitive offerings to market, a scenario in which Verizon, TracFone, and their customers benefit.

A. The Proposed Transaction Will Lower Costs To Serve Customers, To Their Benefit [Paul Vasington]

Bringing TracFone within Verizon will allow the company to lower costs and provide better value to customers. As separate companies, TracFone and Verizon each have to make a profit to provide a return to their respective investors, which means they seek to earn a margin for each customer they sell to, creating "two margins per customer" and thus higher prices. This "double marginalization" disappears with the Proposed Transaction, enabling the combined firm to earn a single margin per customer and thus putting Verizon and TracFone in a position to compete for customers with better offerings than would otherwise be possible. In other words, Verizon can use cost savings to better compete with the other prepaid value providers and thereby benefit customers.

As the most fundamental example of this double marginalization phenomenon, today Verizon charges TracFone for wholesale service at rates that are higher than Verizon's incremental cost. This cost-price difference is Verizon's margin, reflecting its reseller MVNO arrangement with standalone TracFone. But it is irrelevant to the combined company for pricing purposes once the Proposed Transaction is completed, and the savings at the retail level are

dramatic. Verizon’s incremental network costs are a fraction of the price TracFone pays for wholesale service. The substantial reduction in the incremental costs to serve customers will enhance the competitiveness of the combined firm’s prepaid offerings, to the benefit of consumers. As discussed in the testimony below of Verizon witness Lynda Ng, Verizon’s wireless network in California has ample capacity and Verizon already plans to substantially grow that network capacity. But to the extent the volume of additional prepaid customers the combined TracFone/Verizon attracts were to necessitate incremental investment in Verizon’s network, the cost-price difference described above clearly demonstrates that Verizon’s return on such investment to serve those customers would be well worth it.

Cricket and Metro already are able to use these lower network costs to compete for prepaid customers, compared to Straight Talk (TracFone) and Boost (which currently operates as an MVNO, but will evolve into a flanker brand for DISH). The chart below illustrates this phenomenon, which shows TracFone’s prices, e.g., to be \$220 per month for 4 lines, compared to Metro’s price of \$120/month and Cricket’s price of \$100/month.

Provider	Plan for 4 Lines¹⁴	Notes	Source
Metro	\$30 per line per month * 4 lines = \$120 per month	Non-sale cost: 4 lines for \$150 per month.	https://www.metrobyt-mobile.com/shop/plans
Cricket	\$25 per line per month * 4 lines = \$100 per month	Unlimited high-speed data (Data speed limited to max of 8 Mbps. Cricket may temporarily slow data speeds if the network is busy) Unlimited talk, text & picture messages in	https://www.cricketwireless.com/cell-phone-plans

¹⁴ Data pulled from designated sources as of March 9, 2021

		the US.	
Straight Talk	\$35 per line per month * 4 lines = \$140 per month	Unlimited Nationwide: \$34 per month with Auto-Refill. First 5 GB at high speeds, then at 2G.	https://www.straighttalk.com/all-plans
Straight Talk	\$55 per line per month * 4 lines = \$220 per month	Ultimate Unlimited Nationwide: UNLIMITED High Speed Data + 10 GB Hotspot Data \$50 per month for 3 months with Auto-Refill.	https://www.straighttalk.com/all-plans
Boost Mobile	\$50 per line per month * 3 lines = \$150 per month + \$30 per line per month * 1 line = \$30 per month Total = \$180 per month	Go Unlimited: Unlimited Mobile Data (After monthly data allotment is exceeded, you will be reduced to 2G data speeds for the remainder of the month.) 35 GB 4G LTE Unlimited Data, Talk & Text 12GB Mobile Hotspot	https://www.boostmobile.com/plans.html https://www.boostmobile.com/support/faq/plans-services/expanded-data-network.html

TracFone is similarly unable to compete effectively with other prepaid brands' device offerings. The following examples illustrate how flanker brands have gained a competitive advantage on pricing devices.

Metro Offering of iPhone SE for \$49.99¹⁵



iPhone SE

★★★★★ 3.1 (7)
Write a Review

iPhone SE is the most powerful 4.7-inch iPhone ever.¹ Featuring A13 Bionic, the fastest chip in a smartphone, for incredible performance in apps, games, and photography. Portrait mode for studio-quality portraits and six lighting effects. Next-generation Smart HDR for incredible detail across highlights and shadows. Cinematic-quality 4K video. And all the advanced features of iOS. With long battery life² and water resistance,³ it's so much of the iPhone you love, in a not so big size.

- 4.7-inch Retina HD display⁴
- Water and dust-resistant (1 meter for up to 30 minutes, IP67)⁵
- 12MP Wide camera: Portrait mode, Portrait Lighting, Depth Control, next-generation Smart HDR, and 4K video
- 7MP front camera with Portrait mode, Portrait Lighting and Depth Control
- Touch ID for secure authentication and Apple Pay
- A13 Bionic chip with third-generation Neural Engine
- Fast-charging capable
- Wireless charging⁶
- iOS 13 with Dark Mode, new tools for editing photos and videos, and new privacy features
- Price may vary in store

At select Metro by T-Mobile stores.

~~\$399.99~~ **\$49.99**
WHEN YOU SWITCH + TAX/ACT. FEE

[Find A Store](#)

IN-STORE OFFER

Switch to Metro and get the powerful iPhone SE for \$49.99.

In-store only. After rebate redemption 3.3 months service with AutoPay. Limit one. Req. port activation 140/mo. plan 3.0 validation 64 GB only. Additional restrictions apply. See store for details. Offer not valid in CT, RI, MA or Va. ©2021 Metro by T-Mobile

[Find a Store](#)

TracFone StraightTalk Offering of iPhone SE \$149.99¹⁶

The screenshot shows the StraightTalk website interface. At the top, there's a navigation bar with 'StraightTalk wireless' logo, 'PHONES & DEVICES', 'PLANS & SERVICES', and 'DEALS & BUNDLES'. Below this, a header for 'NEW iPhone SE 64GB' is displayed with a price of '\$149.00'. There are tabs for 'Overview' and 'Specifications'. A breadcrumb trail reads 'Home > All Phones > Apple iPhone SE 64GB'.



NEW iPhone SE 64GB

★★★★★ 4.4 (1325) [Write a review](#)

\$149⁰⁰

As low as \$6.21 /mo with **SMARTPAY**

Choose Your Color

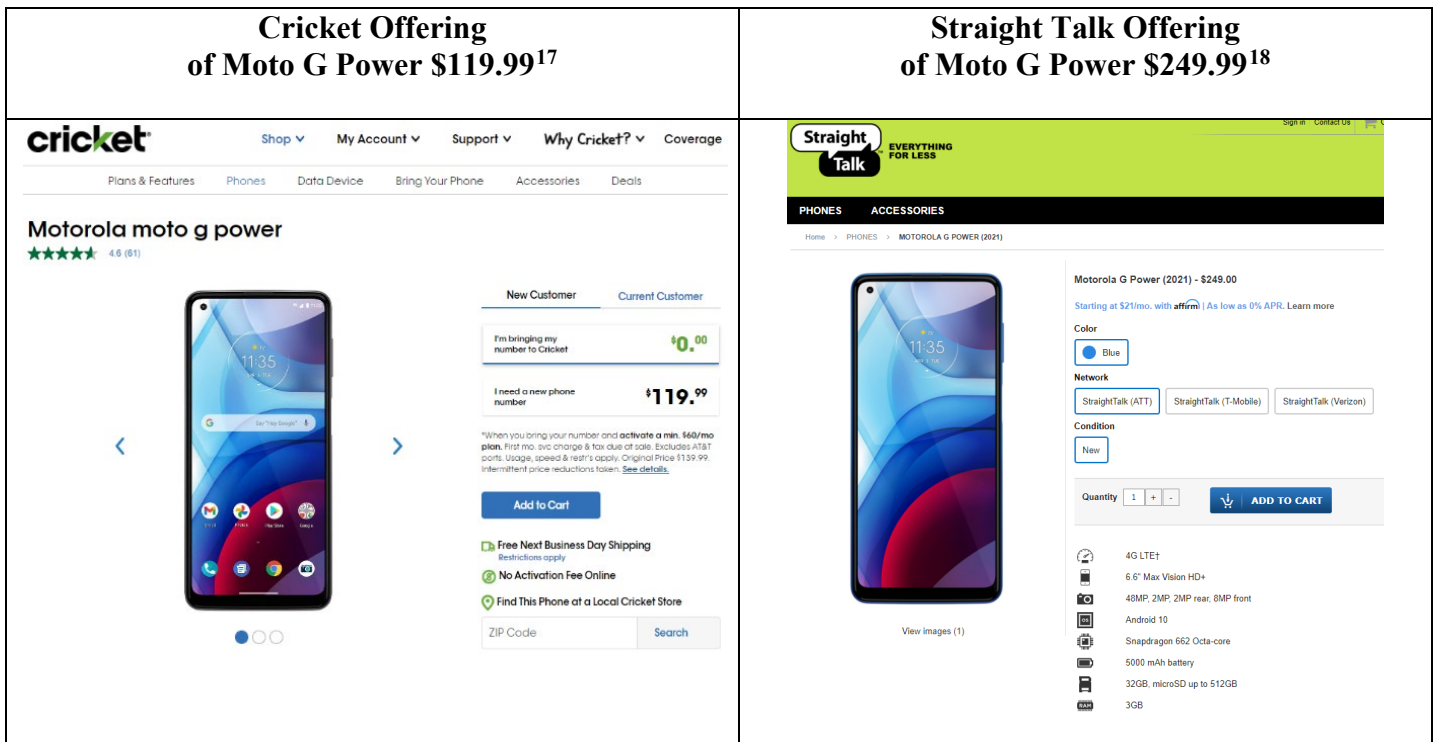
Black



Choose payment option

¹⁵ <https://www.metrobyt-mobile.com/shop/phones/details/iPhone-SE/194252145319?icid=internal%7Clink%7CAppleDeals%7CIPHONESE49%7CiPhoneSEPDP> (last visited March 9, 2021).

¹⁶ <https://www.straighttalk.com/all-phones/apple-iphone-se-64gb-prepaid> (last visited March 9, 2021).



By acquiring TracFone, Verizon will be positioned to combine its network capacity with TracFone’s expertise and reputation in reaching prepaid customers to bring prepaid customers better offerings. And the synergies of the Proposed Transaction will mean that those offerings will be better for customers than what could be achieved with both companies taking a margin along the way.

Bringing these “owners’ economics” to TracFone will enable TracFone to benefit value customers through more competition on rates, services, and features. Acquiring TracFone will allow the combined company to offer better and more attractive devices, plans, and services to customers nationwide, including in California. This has been the experience of other MNOs

¹⁷ <https://www.cricketwireless.com/cell-phones/smartphones/moto-g-power-flash-gray.html> (last visited March 11, 2021).

¹⁸ <https://affirm.straighttalk.com/Motorola-G-Power-2021.html> (last visited March 11, 2021).

where flankers offer the most attractive prices for multi-line accounts in the value segment. The combination will make the combined company more competitive with its rival MNOs' flanker brands, rewarding both the combined Verizon/TracFone and its customers, and, as discussed below, California consumers generally.

B. The Proposed Transaction Will Make TracFone More Nimble In Providing For Customer Needs [Paul Vasington]

As a non-facilities-based MVNO reseller dependent on the networks of MNOs to provide service to its customers, TracFone is poorly equipped to rapidly engage in competitive plays against its rivals. If a competitive move is not permitted (literally or practically) by TracFone's existing reseller agreements with the carriers, TracFone and the carriers must engage in extensive, often lengthy, negotiations to provide services that would compete with the other MNO flanker offerings. For example, discussion of options available from Verizon, TracFone's internal evaluations of their attractiveness to its customers, and negotiation of pricing is time consuming. Any change to the relationship, no matter how small, requires contract re-negotiation, which also is time consuming. Rivals are far ahead and can act and react to market forces much more nimbly than TracFone, and competitive opportunities can be lost by the time these negotiations are concluded. Eliminating these delays will enable Verizon/TracFone to quickly respond to competitive offers from AT&T, T-Mobile, and DISH.

AT&T and T-Mobile (and soon DISH, too)—having already moved to the same business arrangement with their flanker brands that Verizon and TracFone are now proposing—do not face these impediments. AT&T and T-Mobile continue to leverage their vertically-integrated approaches to gain prepaid, value-conscious customers—at TracFone's expense. By contrast, Verizon is currently limited in its ability to do for TracFone what Verizon's facility-based MNO rivals do for their respective flankers, given the delay and inefficiencies that result from what can

be time-consuming negotiations as two separate companies. A combined Verizon-TracFone will be able to respond more quickly to market demand and rival offerings. In the end, these competitive dynamics will benefit California consumers, who will receive more competitive, innovative offers more quickly than ever before.

C. The Proposed Transaction Will Offer Customers More Options and Better Choices

1. Customers Will Benefit From A Broader Array of Devices [Angie Klein]

With Verizon's support, the Proposed Transaction will enable TracFone to compete more effectively in providing devices to customers. Currently, TracFone's lesser buying power (as compared to the combined buying power of Verizon and TracFone), its narrower margins due to higher network costs, and its smaller, more targeted distribution, limit its negotiating position with device manufacturers and its incentive and ability to provide device discounts to consumers (particularly given the already very thin margins it faces due to its higher network costs). Handset promotions are an important dimension of competition among prepaid providers. By leveraging Verizon and TracFone's combined scale and purchasing power, Verizon can negotiate volume discounts for Verizon-compatible devices with equipment manufacturers and offer TracFone customers a better device lineup and promotions that will compete more effectively with Metro, Boost, and Cricket. In addition, TracFone customers will have access to Verizon-compatible devices, such as mobile hotspots (which let the consumer share his or her network connection with other devices using Wi-Fi to access the internet); wearables; children's watches; a 4G fixed wireless (home or small business broadband) device; low cost flip phones with app store capabilities; and more.

2. TracFone Customers Will Benefit From A Broader Array of Available Services And Technological Advances, and Will Benefit From Competition on Network Quality [Angie Klein]

As a leading provider of telecommunications technologies, Verizon continuously strives to develop and implement new technologies that will improve service to its wireless customers. One of these technological advances is Verizon’s array of new, innovative 5G services, in which Verizon has made substantial investments and which will provide new levels of performance for customers—not only with new 5G devices and 5G plans,¹⁹ but also with new competitive fixed wireless services such as 5G Home²⁰ —on the Verizon network. Verizon has been rolling out 5G service throughout the United States, including in California, over the past few years and continues to launch new cities and expand existing coverage areas every day. Beyond 5G, Verizon will continue to innovate and work to develop improved services for its customers, with some of the most exciting applications being on the residential side, where demand for competitive, reliable, high-speed connectivity is higher than it has ever been with so many people working and schooling from home during the extended COVID-19 pandemic.

Making TracFone a part of Verizon will allow technological advances to reach TracFone customers more quickly. As noted, for TracFone to offer new services, it must first negotiate with each MNO, which takes time; if one or more MNO does not agree, the TracFone customers who ride on those carriers’ networks may not receive the benefit of new technology; and TracFone may decide that it is not feasible to offer the technology to only a subset of its customers. Upon the close of the Proposed Transaction, this intermediate step between the

¹⁹ See, e.g., Verizon 5G news and updates on offerings and availability <https://www.verizon.com/about/our-company/5g>.

²⁰ See, e.g., Verizon 5G Home offerings and availability, <https://www.verizon.com/5g/home/>.

development of technological advances and the delivery of improved services to TracFone customers would be eliminated.

In addition, with the Proposed Transaction, TracFone customers will have access to a broader array of plan features. As discussed below, Verizon is still evaluating which features are most valued by the prepaid customer, and it looks forward to collaborating with TracFone's experts on this once the Proposed Transaction is closed. Verizon believes that after the Proposed Transaction closes, it will be able to offer additional features not currently available to TracFone customers that will be attractive and will help retain those TracFone customers and to expand the TracFone customer base.

For example, TracFone does not currently offer international roaming except for select brands and plans, and there is a limited footprint for such roaming on those plans. Verizon plans to offer international roaming with an expanded footprint for TracFone customers, and it plans to expand the available destinations for international long-distance calling for TracFone customers.

Verizon also offers two fixed wireless access home internet solutions—LTE Home Internet²¹ and 5G Home²²—that provide internet service for customers' homes. Verizon 5G Home services are currently offered in parts of five greater metropolitan areas in California: Los Angeles, San José, Anaheim, San Francisco, and Sacramento, with San Diego launching later this month²³; and the company is actively working to expand coverage within those metropolitan areas and to launch additional cities over the next several years.²⁴ LTE Home Internet service is

²¹ See LTE Home offerings and availability here <https://www.verizon.com/home/lte-home-internet/>.

²² See, e.g., Verizon 5G Home offerings and availability, <https://www.verizon.com/5g/home/>.

²³ See “On heels of C-Band results, Verizon expands 5G Home Internet to 10 more cities,” <https://www.verizon.com/about/news/c-band-verizon-expands-5g-home-internet>.

²⁴ For example, on March 11, 2021, Verizon announced that 5G Home will be launching in March in parts of San Diego, California; Las Vegas, Nevada; Salt Lake City, Utah; Hartford, Connecticut; Louisville, Kentucky; Cleveland and Cincinnati, Ohio; Charlotte, North Carolina; Omaha, Nebraska; and

more widely available, with customer eligibility determined at the address level. Verizon announced on March 10, 2020, that it expects that its fixed wireless access broadband services will cover nearly fifteen million homes by the end of 2021; thirty million homes by the end of 2023; and fifty million homes by the end of 2025.²⁵ Because TracFone customers' addresses are generally not known, it is not possible to determine how many current TracFone customers will have access to these services. However, TracFone customers will be able to determine their eligibility based on their address and subscribe to these services if available in their areas. These nascent services present an exciting opportunity to increase competition in the home broadband segment currently dominated by the incumbent cable and telephone companies, including for TracFone customers. The combination of Verizon and TracFone will allow open collaboration, using TracFone's expertise to assess value-segment customers' preferences and needs to assess what home internet offerings would be attractive to them and to identify value proposition(s) that will appeal to TracFone customers. [BEGIN CONFIDENTIAL] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [END CONFIDENTIAL].

Verizon also is investigating other services that may be made available to prepaid customers after the close of the Proposed Transaction, [BEGIN CONFIDENTIAL] [REDACTED]

Kansas City, Missouri. *See* On Heels Of C-band Results, Verizon Expands 5G Home Internet To 10 More Cities, <https://www.verizon.com/about/news/c-band-verizon-expands-5g-home-internet>.

²⁵ *See* "Verizon Announces C-Band Results," 3/10/2021 (last updated 3/11/2021), <https://www.verizon.com/about/news/verizon-announces-c-band-auction-results>.

[REDACTED]
[REDACTED] [END CONFIDENTIAL].

**3. Customers Will Benefit from Competitive Array of Rates and Plans
[Angie Klein]**

Verizon is committed to serving TracFone's customers and to competing vigorously in the prepaid segment through plans that offer great value. Demonstrating that commitment, Verizon will not require TracFone customers to move to a more expensive plan when the Proposed Transaction closes. And going forward, Verizon will provide a range of prepaid plans so customers can enjoy mobile access at price points that work for them. Verizon intends to use attractive offers and promotions to encourage those customers needing to switch out their devices to do so over time. And of course, the improved economics of the TracFone business following the Proposed Transaction puts the combined company in a position to offer more competitive prices that are not possible for TracFone as a standalone reseller.

Verizon is currently investing resources to study customer preferences to determine the best packages and combinations of pricing and services, and it looks forward to the day when it can confer without restraint with TracFone employees on these subjects. While Verizon does not yet know precisely what plans it will offer for each of the different TracFone brands, Verizon will commit that at closing, TracFone customers will be able to keep their service/plan and will not be required to purchase a Verizon Wireless service/plan. Further, Verizon anticipates that it will offer additional services/plans through TracFone as it integrates the company and realizes the anticipated efficiencies the Proposed Transaction provides.

In January of this year, Verizon won the J.D. Power Wireless Network Quality Study for the 13th year in a row.²⁶ The J.D. Power findings include responses from more than 33,000 wireless customers who participated in a national survey conducted between July and December 2020, and J.D. Power recognizes the highest-ranking companies from results based on customer experience from the companies evaluated. By bringing these benefits directly to TracFone customers, Verizon intends to attract and retain customers in the highly competitive value segment of the wireless market.

4. Verizon Is Investing Resources Now To Plan For How to Best Serve TracFone Customers With The Best Mix of Options and Choices [Angie Klein]

Verizon's goal for the new combined TracFone/Verizon entity is to create a company with highly attractive prepaid products and competitively priced offerings that will retain TracFone's existing customers and expand its customer base nationwide and in California. To plan for and achieve that goal, Verizon has been working diligently to understand the needs and preferences of TracFone's current subscribers, as well as other value conscious customers, in order to develop attractive plans and features that leverage Verizon's technologies and services while continuing to provide great value.

Before the Proposed Transaction closes, Verizon's ability to closely collaborate with TracFone employees, and to access TracFone customer data, is restricted. Verizon is eager to work side-by-side without constraint on integration with the TracFone employees who have deep experience with the prepaid segment and extensive information about their own customers' preferences to plan for the successful future of a combined TracFone/Verizon entity. Until then,

²⁶ <https://www.verizon.com/about/news/verizon-breaks-record-most-awarded-brand-jd-power-wireless-network-quality>

Verizon is not just waiting. It has hired a team of outside management consultants and an outside third party market research firm, and it has a dedicated team of Verizon planning how to best serve TracFone customers after the Transaction closes.

In anticipation of the closing of the Transaction, and to better prepare for post-closing work, Verizon teams are currently undertaking extensive research and planning efforts to understand value customers' needs and preferences and to develop service options that will retain TracFone existing customers and attract new customers. **[BEGIN CONFIDENTIAL**

LAWYERS ONLY]

[REDACTED]

[END CONFIDENTIAL LAWYERS ONLY] Verizon also will convene focus groups to obtain more qualitative data on consumer preferences, and it has engaged an outside research firm to conduct those sessions.

This research to understand what customers want and need, while critical, will be greatly aided by TracFone's employees, who have a wealth of knowledge about the prepaid segment and value customers based on their experience serving prepaid customers. However, Verizon's and

TracFone's ability to coordinate on plans and services is currently limited by virtue of antitrust considerations and the uncertainty that current regulatory proceedings present.

Indeed, a central source of information about customers' preferences is TracFone itself. Unlike Verizon, TracFone has served tens of millions of prepaid customers for years. It has a wealth of knowledge about the prepaid segment and value customers. By acquiring TracFone, Verizon will gain the valuable experience serving prepaid customers that TracFone employees uniquely possess. It is important to note that Verizon is not planning any workforce reductions related to the Proposed Transaction, but rather Verizon will not only welcome TracFone employees to the Verizon team, but actively seek to retain them. In fact, Verizon contemplates incurring higher labor costs from the Transaction, resulting from retention offers and improved compensation packages for TracFone employees, which demonstrates Verizon's commitment to investing in TracFone's business and the prepaid segment generally and the value that Verizon places on the knowledge and experience it stands to gain from the TracFone team.

Because TracFone is not a facilities-based network provider, its employees, who are primarily located in Florida, can and will continue to provide services nationwide, including in California (where only two TracFone employees are geographically based). TracFone's knowledge of the prepaid segment will ultimately be vital and, upon closing, the TracFone employees who will join Verizon will be able to coordinate fully with the current Verizon team to develop competitive offerings that will grow the prepaid business.

D. Customers Will Benefit from Verizon's Award-Winning Network [Lynda Ng]

As discussed above, Verizon has an award-winning network in which it has invested, and will continue to invest, to deliver the highest quality service to its wireless customers. As discussed above, just this week, Verizon announced an additional \$10 billion in capital

expenditures over the next three years arising from its long awaited C-Band auction results, in which Verizon succeeded in more than *doubling* its existing mid-band spectrum holdings. Specifically, Verizon won between 140 and 200 megahertz of C-Band spectrum in every available market, securing a minimum 140 megahertz of total spectrum in the contiguous United States and an average of 161 megahertz nationwide; that’s bandwidth in every available market, 406 markets in all. Additionally, Verizon secured a consistent 60 megahertz of early clearing spectrum in the initial 46 markets, home to more than half of the U.S. population.²⁷

Verizon’s network currently provides service for nearly 120 million total wireless connections nationwide, and it can easily handle the addition of the 7.6 million TracFone customers nationwide, and what Verizon understands to be the approximately [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] TracFone customers identified with zip codes in California who currently ride on other networks.²⁸ In 2020 in California, Verizon’s network had approximately [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] of its capacity available.²⁹ Verizon projects that by 2025, it will have approximately [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] of its capacity available in California. This projection is conservative as it does not reflect the significant additional capacity that will be deployed arising from Verizon’s successful C-Band auction results announced this week. The bottom line is Verizon’s network remains healthy and strong for the foreseeable future.

²⁷ See <https://www.verizon.com/about/news/verizon-announces-c-band-auction-results>.

²⁸ See Testimony of Eduardo Diaz Corona, CEO of TracFone, dated March 12, 2021, p.3.

²⁹ See Verizon, *Network Capacity Analysis for TracFone Acquisition: 2021-2025 Projections* (March, 2020).

After the Proposed Transaction, all TracFone customers in areas where Verizon has a network, including those that Verizon hopes will migrate from other host networks, will experience Verizon's superior network quality. This migration process is discussed in more detail in Section II(H) below. TracFone customers will benefit from the innovative approach and service experience that have made Verizon the leading provider of postpaid mobile services, including the best, largest, and most reliable 4G LTE network.

Verizon's network has significant reach throughout California, bringing its strong service to TracFone's future and existing customers. Verizon provides reliable coverage throughout the state and is continually investing in its network to reach more and more geographic areas and customers. The industry's most comprehensive study of nationwide network performance concluded that Verizon offers California customers the best available service in every one of the dimensions the report considers—overall performance, network reliability, network accessibility, network speed, data performance, call performance, and text performance.³⁰ Verizon, moreover, continues to invest in its network to make it even better. Expenditures planned as part of the normal course of Verizon's business reflect Verizon's commitment to keep its network the best in California.

For TracFone customers that will be migrating from another carrier to Verizon, Verizon is confident that gaining access to the Verizon network will be a significant benefit. Currently, Verizon does not have information about where TracFone's customers live or use the service nationwide or in California, and so cannot speak specifically to Verizon's network strength in each individual customer's current location, but any coverage issues would be minimal given the

³⁰ See RootMetrics, *Second Half of 2020 State RootScore Report: California* (2021), <https://www.rootmetrics.com/en-US/rootscore/map/state/california/2020/2H>.

strong network coverage Verizon has in California. Based on a recent internal study of coverage in California, Verizon has determined that it covers 99.77% of the population of California.

Verizon has not identified a reliable way to test whether there would be TracFone customers currently served by a different carrier who, after migration, would be one of the rare consumers in California who would be using the phone outside of Verizon's strong coverage area. Verizon is informed and believes that TracFone maintains location information for its customers primarily in the form of zip codes. Verizon understands that these zip codes are collected when the service is activated and are not verified. Because it is a prepaid business, TracFone does not send bills to customers and does not know if the zip codes it receives are accurate or up-to-date. In thinking about network coverage, moreover, zip codes are of limited utility. Zip codes do not represent where a customer is necessarily using service at any given time and are unverified. Further, zip codes are often large geographic areas and can have a variety of terrain, population density, and other factors that can influence coverage within the zip code. Other zip codes are simply "post office only" zip codes and do not correlate to a residential or business address.

To the extent current TracFone customers are located in one of the few populated areas of California where Verizon's network does not provide coverage, after the Proposed Transaction closes and there has been a migration as described below, Verizon will continue to serve those TracFone customers over the same underlying network through the existing MVNO wholesale arrangement [BEGIN CONFIDENTIAL LAWYERS ONLY] [REDACTED] [REDACTED] [END CONFIDENTIAL LAWYERS ONLY]. During and after this period, other network providers and MVNOs backed by the other network providers will aggressively compete for the business of these customers. Given that this hypothetical

customer receives service over another carrier's network as resold by TracFone, the customer by definition has available retail options offered by the host carrier. And in an industry with high customer churn rates, as we see in the prepaid segment, customers have every incentive to switch to what they perceive to be the product that provides them the best plan and service. Moreover, during that time Verizon, through its continuing capital investment in its network in the ordinary course and additional capital investments associated with Verizon's C-Band auction results announced this week, will add capacity to existing sites based on consumer demand. These competitive forces acting together will result in TracFone customers who receive service over third-party networks being in the enviable position of having multiple providers vying for their business.

E. Customers Will Benefit From Broader Distribution Channels [Angie Klein]

Verizon's rationale for this the Proposed Transaction is rooted in growing TracFone's business and leveraging efficiencies to improve the competitive offerings Verizon and TracFone can make independently. As part of that effort, Verizon intends to use TracFone's existing distribution points, and to develop additional distribution points—some of which will expand distribution exclusively for TracFone brands—in a variety of geographic areas. This will provide even more value conscious consumers with access to TracFone's innovative prepaid plans and Verizon's network. The efficiencies generated by the Proposed Transaction, and Verizon's financial resources, make this expansion of TracFone's distribution channels possible.

Prepaid customers will benefit from increased distribution of Verizon's and TracFone's prepaid offerings. Part of Verizon's motivation in acquiring TracFone is to improve Verizon's ability to reach prepaid customers through a greater number of distribution points. Verizon's current distribution focuses on its postpaid brand. As noted above, some Verizon competitors (e.g., AT&T, T-Mobile, and DISH) have more robust distribution networks than TracFone's,

especially when it comes to retail locations that allow them to reach prepaid customers in different ways. TracFone also currently distributes its services broadly, through national retail stores as well as through agents. Following the Proposed Transaction, to compete more effectively for prepaid customers, Verizon will leverage and further expand through additional investment in TracFone’s existing distribution in order to reach a greater number of value customers who desire prepaid service.

In addition to building on TracFone’s current distribution through large national retail stores like Walmart and Target, Verizon plans to create and grow a dedicated brick-and-mortar presence in customers’ communities to allow customers to look at device options, discuss different plans with an employee, activate service, and make payments. Verizon believes that the brick-and-mortar investment will be important to growing its prepaid business and reaching previously underserved customers and communities. TracFone’s competitors Cricket and Metro have been successful in part because they have distribution points where their customers are. This type of investment in new brick-and-mortar stores would not make sense for Verizon to do with its own current prepaid service, without the benefit of TracFone’s brands, reputation, and expertise—it only makes sense for a combined Verizon/TracFone.

[BEGIN CONFIDENTIAL

[REDACTED]

[REDACTED]

[REDACTED]

[END

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[REDACTED]

F. Verizon Will Maintain Its Commitment To Underserved Communities Following the Transaction

1. Rural Customers [Lynda Ng]

Verizon has significantly greater network coverage than its nearest competitor, including in rural areas (defined as counties with populations of less than 50,000).³² [BEGIN

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[REDACTED] **END**

CONFIDENTIAL] Given that available network coverage and capacity in rural California, combined with its desire to grow its overall subscriber base, Verizon is incentivized to attract and retain subscribers in those areas. To that end, Verizon's recent announcement about the C-band auction was meaningful because Verizon secured up to 200 megahertz in 158 mostly *rural* markets covering nearly 40 million people.³³ This will further enhance Verizon's broadband solution portfolio for rural America. In general, Verizon devotes a significant share of its budgeted capital expenditures to improving service in rural areas.

In addition, the Commission has recognized Verizon for its efforts and policies related to disaster restoration and backup power relative to AT&T and T-Mobile, so the eventual shift of TracFone customers currently served on those networks to Verizon will be a benefit in rural areas of the state that have been subject to wildfires and other natural disasters.

³² See, e.g., Tutela, Special Report: State of MVNOs, at 14 (October 2019), <https://www.tutela.com/hubfs/Assets/USA%20State%20of%20MVNOs%20Report%20-%20October%202019.pdf>. Verizon has excellent network performance throughout California. For example, RootMetrics rated Verizon's network first or tied for first in sixteen of the eighteen areas of California that it tested in the second half of 2020 and 2021. See RootMetrics, <https://www.rootmetrics.com/en-US/rootscore/map>.

³³ See <https://www.verizon.com/about/news/verizon-announces-c-band-auction-results>.

Indeed, the Commission recognized Verizon’s network resiliency in particular in its Wireless Network Resiliency Order, and pointed to the fact that Verizon kept much of its network operational and running on backup power during the massive 2019 public safety power shutoff (PSPS) events. In Decision 20-07-011, the Commission stated:

Verizon’s resiliency efforts are illustrative of this point. Verizon utilized the resiliency strategies identified in our definition during last year’s 2019 PSPS events. Verizon successfully kept much of its network operational and running on backup power. This demonstrates that using these resiliency strategies, including backup power, can and do result in the ability to preserve network service. The strategies contained within our resiliency definition are not exhaustive or exclusive to any single organization but rather, highlight the critical need of network resiliency to ensure continuity of essential service, including access to 9-1-1. That Verizon was able to achieve these results during these crises demonstrates this is achievable.³⁴

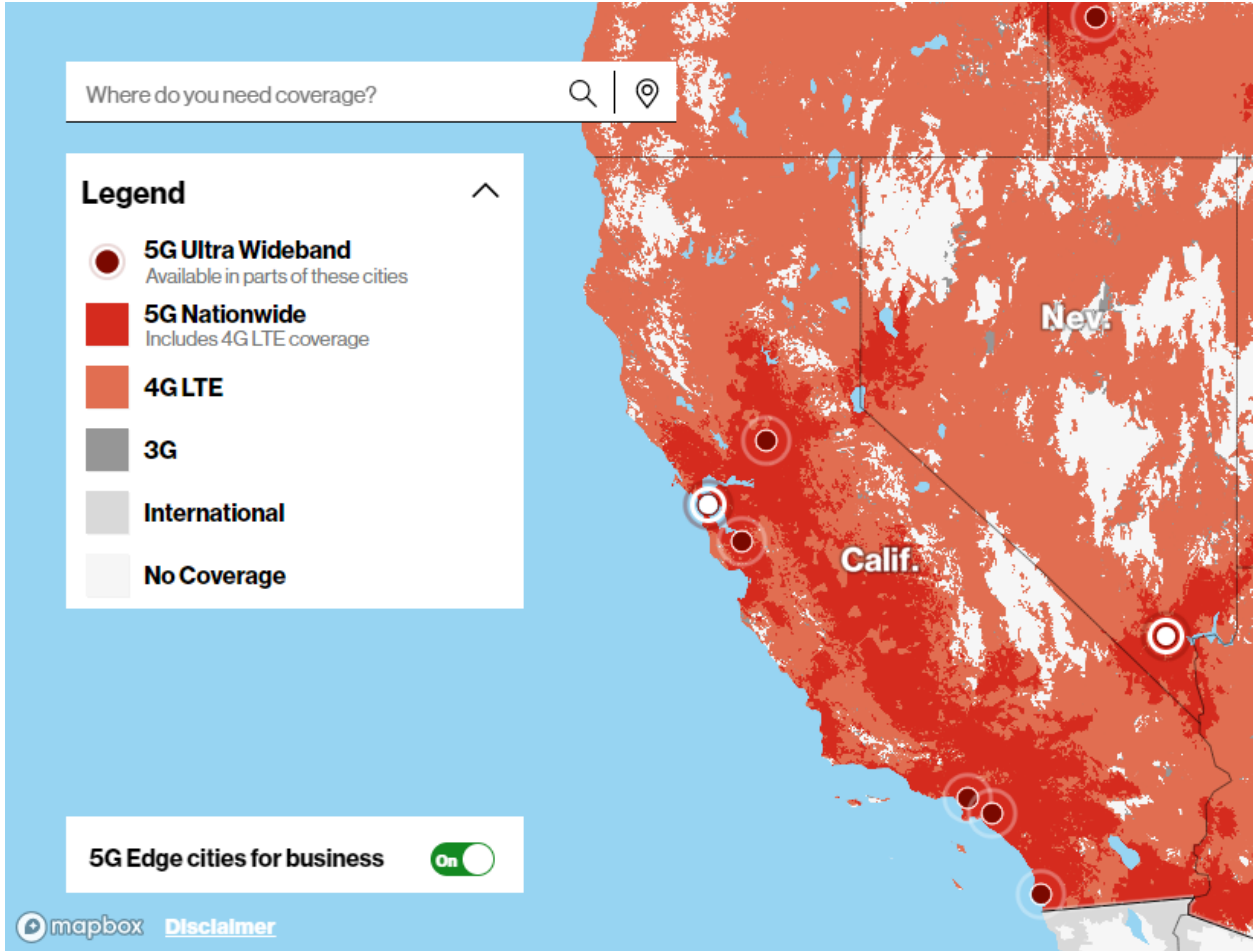
Verizon was also recognized by the Commission’s Public Advocates Office in the same proceeding, as they noted that “Verizon experienced significantly fewer outages than other wireless providers because it installed fixed generators at a significantly higher percentage of its macro cell sites.”³⁵

The following coverage maps illustrate the strength of Verizon’s coverage throughout California, including in rural areas:

³⁴ D. 20-07-011 at pp. 63-64.

³⁵ *Id.* at 75. *See also id.* at 82 (stating that “Cal Advocates’ analysis indicates that nearly 77 percent of macro cell sites – 20,555 of 26,716 macro cell sites – do not have backup generators in California, and that a significant majority, 72 percent, of macro cell sites with fixed backup generators in the state belong to Verizon. Cal Advocates provides further analysis on the number of macro cell sites that lost power each day during the 2019 PSPS events. Even when 567 macro cell sites went out of service on October 27, 2019, Verizon experienced significantly fewer outages than the other wireless providers.”)

Verizon Wireless Coverage Map³⁶



Verizon believes that TracFone already has an extensive customer base in rural areas of California, in part because Walmart is TracFone’s primary distributor. [BEGIN

CONFIDENTIAL] [REDACTED]

[REDACTED]

[REDACTED] [END CONFIDENTIAL].

³⁶ Verizon, Explore 4G LTE and 5G Coverage in Your Area, <https://www.verizon.com/coverage-map/> (last visited Mar. 7, 2021).

2. Continued Attention to Accessibility [Paul Vasington]

Verizon recognizes the critical importance of making mobile services, including prepaid products, accessible to people with disabilities. Verizon is committed to making its digital space accessible to all. Verizon strives to meet the online accessibility standards recommended by the World Wide Web Consortium (W3C) in its Web Content Accessibility Guidelines (WCAG) 2.1 AA, and takes a number of steps to attempt to meet or exceed those standards. Here are some examples:

- Verizon utilizes various assistive technology across desktop, tablets, mobile devices, and in-store to test against the guidelines.
- In sourcing devices, Verizon provides original equipment manufacturers (“OEMs”) with a set of proprietary requirements at the outset to enable accessibility by design. These requirements are intended to make the devices that Verizon offers usable and effective for everyone, including visually impaired customers. Verizon plans to apply these requirements to the acquisition of devices for TracFone after the integration of the Applicants’ compliance processes.
- Verizon has supported the development of standards to broadly benefit people who are blind or low vision and regularly intercedes at the request of blindness-focused organizations to help their members address unique issues with their mobile services.

Over time, Verizon has worked extensively with individuals with disabilities to ensure that it offers a robust suite of accessible products and services, and it understands TracFone has

done the same.³⁷ For example, all of the mobile phones models that TracFone currently offers are hearing aid compatible, and TracFone already employs numerous accessibility features in its devices for visually impaired customers. Verizon intends to continue to work with TracFone to provide accessible product offerings after the Transaction closes consistent with Verizon's long standing deep interest in and desire to support availability of accessible product offerings.

3. Low-Income and Disadvantaged Communities [Angie Klein]

The benefits that flow from the Proposed Transaction will apply to all California communities that rely on prepaid wireless service, but perhaps particularly to those with the greatest price sensitivity. The market for prepaid wireless services in low-income communities is competitive, and Verizon will seek to attract and retain customers on the basis of superior pricing, plans, network coverage, and other features that distinguish TracFone's brands and our other services from our rivals' offerings. Improving wireless service options and competition, as this Proposed Transaction would, is particularly important for low-income customers who rely disproportionately on smartphones for internet access. The Pew Research Center reports that in 2019, 26% of U.S. adults with less than \$30,000 annual income do not use broadband at home but have smartphones. That compares to 10% of U.S. adults with between \$50,000 and \$74,999 income and 6% of U.S. adults with over \$75,000 income.³⁸

By generating cost efficiencies, the transaction puts Verizon in a strong position to serve price-sensitive customers. Moreover, Verizon's [BEGIN CONFIDENTIAL] [REDACTED]

³⁷ Decades ago, Verizon embraced a set of universal design principles to ensure that the company provides products and services that are accessible to the broadest range of customers, including youth, individuals with disabilities, and seniors. *See* Verizon, About, Universal Design Principles, <https://www.verizon.com/about/our-company/company-policies/universal-design-principles> (noting that Verizon adopted its universal design principles in 1987) (last visited March 9, 2021).

³⁸ <https://www.pewresearch.org/internet/fact-sheet/internet-broadband/#who-is-smartphone-dependent> (last visited Mar. 9, 2021).

[REDACTED]

[REDACTED]

[REDACTED] [END CONFIDENTIAL]. TracFone has a long record of focusing and providing service to customers who are value-conscious, including members of underserved communities. LifeLine is part of the array of solutions offered for the most disadvantaged consumers as well as other plans and services attractive to value-conscious consumers. Verizon plans to continue this focus and service post-close.

4. Diverse Communities [Angie Klein]

TracFone's current customer base, which is driven by TracFone's existing distribution channels, is less ethnically diverse than the overall prepaid market.³⁹ Verizon views that as an opportunity for expansion with the Proposed Transaction. Verizon is committed to reaching more diverse communities through expanded distribution channels, better access to Spanish language services, and a better selection of plans and services that are attractive to diverse populations. For example, [BEGIN CONFIDENTIAL] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [END CONFIDENTIAL].

³⁹ VZW_004694 [Confidential-Lawyers Only] (survey data on demographics of prepaid users by brand showing TracFone brands serve a less diverse customer base than Metro and Boost in particular).

TracFone currently provides customer service in both Spanish and English. When Verizon combines with TracFone, Verizon intends to continue Spanish and English language customer service for TracFone customers.

G. Verizon Will Continue to Serve TracFone’s LifeLine Customers

1. Verizon’s Commitment to LifeLine [Angie Klein]

TracFone is an Eligible Telecommunications Carrier (“ETC”) that is authorized to participate in California’s LifeLine program.⁴⁰ TracFone currently provides service to approximately 230,000 California wireless customers who participate in the LifeLine program. Nationwide, TracFone provides service to approximately 1.7 million customers through the federal Lifeline program.⁴¹ TracFone provides service to customers primarily through its SafeLink brand.

The number of California LifeLine customers served by TracFone has declined in recent years. Soon after TracFone began providing LifeLine service in February 2016, TracFone’s LifeLine customers in California reached a peak of approximately 482,000 customers in January 2017. Since then, the number of TracFone’s LifeLine customers has declined.⁴²

Verizon sees the LifeLine program as a key element of TracFone’s service to value customers. Ronan Dunne, the CEO of Verizon’s Consumer Group, recently stated: “To be crystal clear, we see Lifeline as a foundational element of our commitment in this space. And most specifically, if regulators or others would like to talk to us about specific commitments, I’m

⁴⁰ See CPUC Resolution T-17566, 2017 Cal. PUC LEXIS 256, at *3 & n.3 (May 25, 2017).

⁴¹ Joint Application for Approval Pursuant to Section 854(a) of Transfer of Control Over TracFone Wireless, Inc., A. 20-11-001 (Nov. 5, 2020), at 19.

⁴² California Public Utilities Commission, California LifeLine Related Forms and Notices For Carriers, Third Party Administrator LifeLine Customer Counts, available at <https://www.cpuc.ca.gov/General.aspx?id=1100>

ready and willing, the sooner the better. We welcome those discussions.”⁴³ In keeping with that vision, following the close of the Transaction, Verizon will maintain TracFone’s ETC status and continue to offer LifeLine service through TracFone.⁴⁴

Specifically, Verizon will continue the services provided through the SafeLink brand, through which TracFone serves the vast majority of its LifeLine customers. All current TracFone LifeLine customers will be able to keep their same plans following the close of the Proposed Transaction.⁴⁵

Verizon will provide LifeLine service through its network to those LifeLine customers who currently ride on the Verizon network, as well as those who choose to migrate to the Verizon network from other networks following the Transaction. As with TracFone customers generally, there is no plan or intention to have an abrupt or forced migration, or “flash cut,” of TracFone LifeLine customers to Verizon’s network. As described further below, Verizon will provide opportunities and incentives over time to TracFone customers, including LifeLine customers, to migrate to plans offered on the Verizon network. For TracFone’s LifeLine customers who do not currently have a device compatible with Verizon’s network, these opportunities and incentives may involve device upgrade programs that enable device compatibility with Verizon’s network.

⁴³ Jon Reid, Verizon-TracFone Deal is Early Test of New FCC Wireless Stance, Bloomberg Law, <https://news.bloomberglaw.com/tech-and-telecom-law/verizon-tracfone-deal-is-early-test-of-new-fcc-wireless-stance> (Mar. 7, 2021).

⁴⁴ Indeed, Verizon could not withdraw TracFone from the LifeLine program without Commission approval, following an evaluation of whether there are other ETCs that provide LifeLine service in the same area.

⁴⁵ See Advice Letter No. 51, TracFone Wireless, Inc. (U-4231-C) (SafeLink Wireless Rates), Nov. 10, 2020.

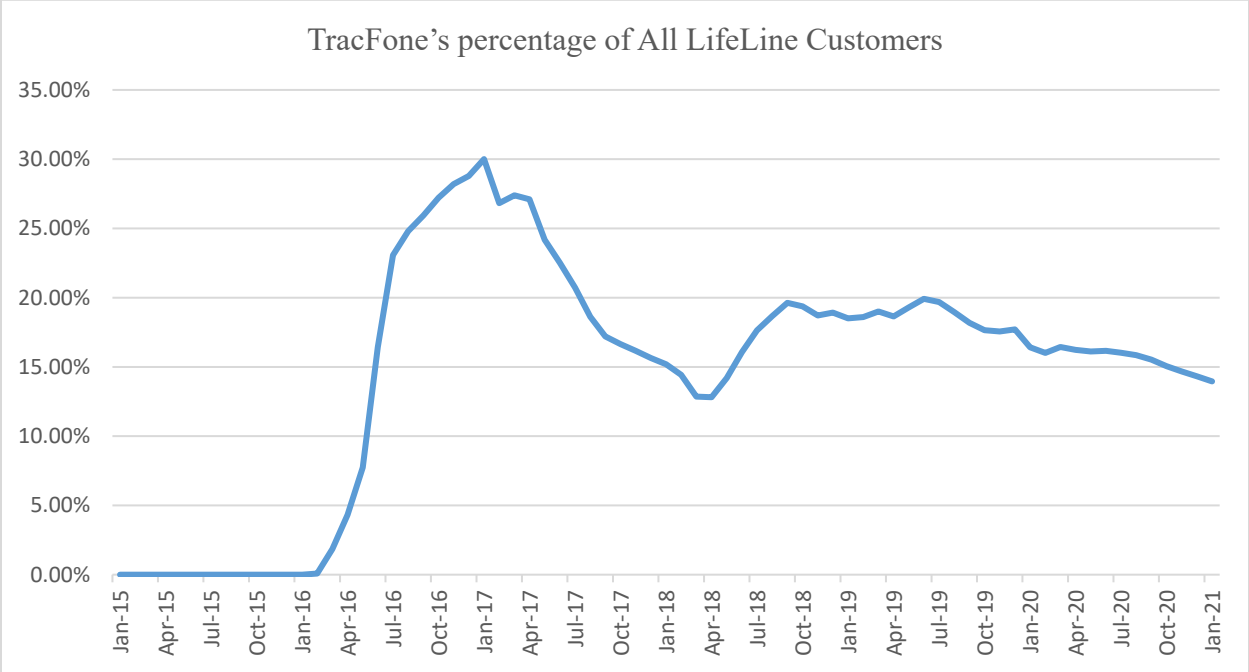
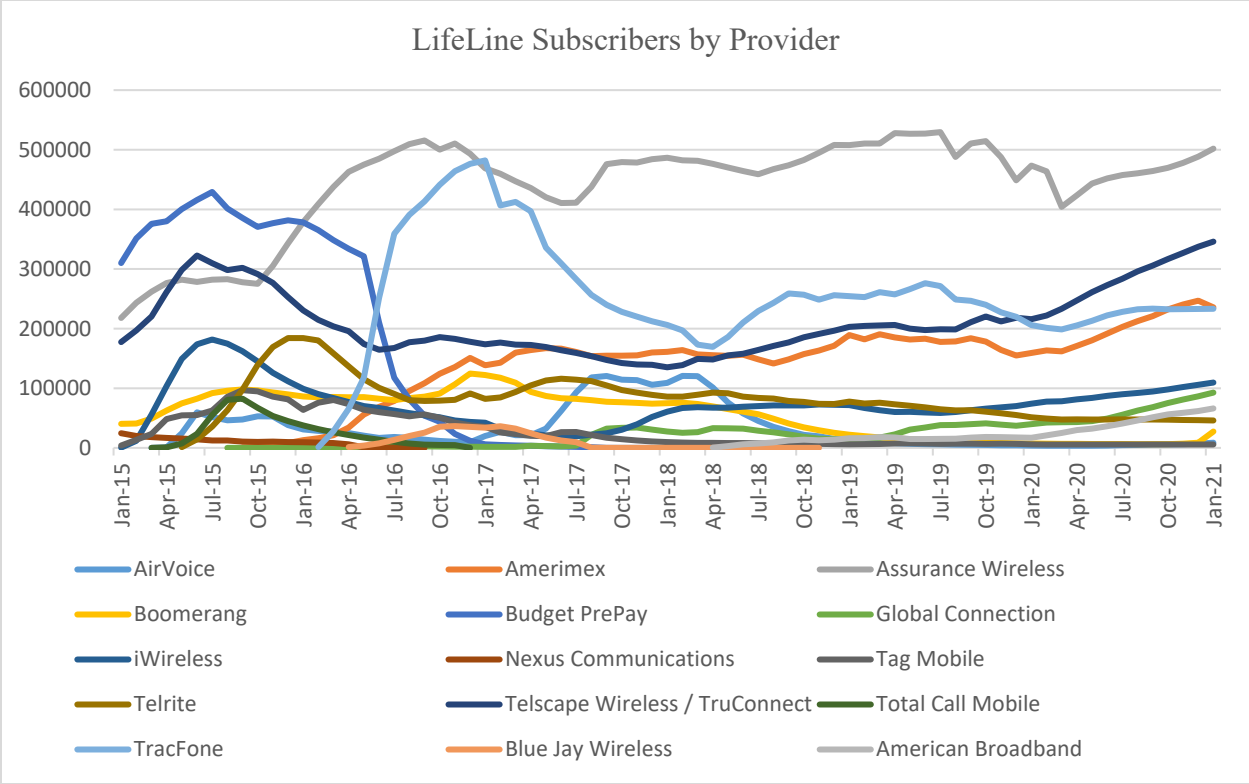
By acquiring TracFone, Verizon will gain not only TracFone’s experience serving prepaid customers, but also its experience serving California LifeLine customers and customers nationwide who participate in the federal Lifeline program. The transition of TracFone’s LifeLine customers to the Verizon network and the continuity of LifeLine service to such customers will be aided by Verizon’s absorption of TracFone’s nationwide employee base and its expertise in serving LifeLine customers.

2. The Proposed Transaction Will Increase Competition for LifeLine Customers [Paul Vasington]

The backdrop to Verizon’s plans to ensure continued LifeLine service that will attract and retain customers is the heavy competition for LifeLine customers. LifeLine customers, like other prepaid customers, have many options available to them. As of January 2021, there were eleven wireless providers that provided LifeLine service in California, and TracFone only had a 14% share.⁴⁶ As the following charts indicate, there are many providers currently serving California Lifeline customers, and TracFone’s share of those customers has generally declined over time⁴⁷:

⁴⁶ See <https://www.cpuc.ca.gov/General.aspx?id=1100>

⁴⁷ Data in these charts were compiled from Third Party Administrator LifeLine Customer Counts provided on the Commission’s website, available at <https://www.cpuc.ca.gov/General.aspx?id=1100>.



With the Proposed Transaction, Verizon intends to enter the LifeLine market via TracFone and compete for LifeLine customers backed by Verizon's award-winning network, including by building on some of TracFone's successes in outreach to those customers.

Moreover, going forward, Verizon will continue to evaluate the needs and preferences of LifeLine customers. [BEGIN CONFIDENTIAL] [REDACTED] [REDACTED] [END CONFIDENTIAL].

In addition, serving TracFone's LifeLine customers through the Verizon network will bring significantly more facilities-based competition to LifeLine service in California than presently exists. Today, while there are a number of MVNO resellers that offer LifeLine service, there is essentially only one network owner that does so: T-Mobile. Indeed, with MVNO-served end users attributed to the host network provider, approximately ninety percent of California LifeLine subscribers receive service today over T-Mobile's network. As noted, facilities-based providers realize substantial efficiencies, particularly the elimination of double marginalization, as well as the elimination of inefficiencies inherent in contract negotiations and economies of scale in relation to handset purchases. All of these benefits apply to LifeLine service, and their importance is even greater in the LifeLine context. As a direct consequence of their reduced cost structure, the combined TracFone/Verizon will have the incentive to compete to grow the number of LifeLine subscribers that it services, and the ability to do so more effectively against T-Mobile than TracFone (or any other MVNO reseller) can do on its own. Individuals eligible for LifeLine who are not enrolled and current LifeLine participants stand to benefit. In short, the advent of facilities-based competition for LifeLine service, which is entirely absent today, is a key benefit of the Proposed Transaction.

H. TracFone Customers Will Experience A Carefully Planned Transition After The Proposed Transaction Closes [Angie Klein]

After the Proposed Transaction closes, there will be a carefully planned migration for TracFone's customers that will aim to be as easy as possible. There will be no "forced

migration” to a different Verizon-based plan with different pricing. Initially, as discussed above, all TracFone customers will keep their existing TracFone plans. Verizon has no intention to change those plans or to require TracFone customers to move to more expensive plans at closing. Of course, if a TracFone customer wanted to change to a different TracFone plan or a Verizon plan, that would be an available option. In the longer term, Verizon expects to continue to evaluate TracFone’s existing plans for all of its different brands in terms of their features, cost, and attractiveness to customers. Verizon expects to modify those plans as necessary to ensure that they remain competitive, serve the needs of TracFone customers, and further Verizon’s strategy of growing its prepaid wireless customer base. Again, the goal in setting any new or different pricing or service plans will be to find the plans that are most attractive to the customer and provide the maximum choice and benefit so that the combined Verizon/TracFone entity can successfully compete in the value prepaid segment.

With respect to network service, Verizon and TracFone are working now to prepare, to the extent they can, consistent with antitrust restrictions, and will work upon the close of the Transaction to ensure as easy a transition as possible for network service for TracFone customers. For TracFone customers who already ride on Verizon’s network, there will be no migration and no new device or SIM card will be required.⁴⁸ This is true for customers who have obtained their devices through TracFone, as well as those who receive service under TracFone’s “bring your own device” (“BYOD”) program. Accordingly, these customers will

⁴⁸ The one exception is that current TracFone customers who switch from one TracFone brand to another (e.g., from Simple Mobile to Straight Talk) may require the replacement of the SIM card in their device. Verizon’s campaign to swap out SIM cards as needed to ensure compatibility with Verizon’s network is discussed herein.

continue to receive the same high-quality service on Verizon's network that they currently receive through TracFone, in the same locations where they currently receive it.

For current TracFone customers who currently ride on other networks, Verizon's plan is to make competitive offers and promotions to entice them to migrate from other networks to Verizon's network over time.⁴⁹ These customers will continue to receive service on other carriers' networks at the close of the Proposed Transaction. And to retain those customers, Verizon will launch targeted SIM replacement and device upgrade campaigns that enable the customer to receive service over Verizon's network and encourage customers to make the transition to Verizon's network. Because Verizon's goal in the Proposed Transaction is to maintain and grow TracFone's customer base, Verizon is motivated to minimize any potential loss of TracFone customers by making the transition as frictionless and positive as possible for them. Indeed, one of Verizon's top internal goals for the Proposed Transaction is to minimize customer losses from the transition.⁵⁰ And Verizon is committed to offering TracFone customers the choice to bring their own devices, and [BEGIN CONFIDENTIAL] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [END CONFIDENTIAL]

Given the ease and regularity with which prepaid customers switch from carrier to carrier,

⁴⁹ As discussed above, Verizon's network can accommodate the migration of TracFone customers who do not already ride on Verizon's network without a loss of service quality.

⁵⁰ See VZW_000481 [Confidential-Lawyers Only].

[REDACTED]

Verizon has every incentive to provide TracFone customers with the highest degree of service and care. If the combined TracFone/Verizon fails to make compelling offers, prepaid customers can and will easily switch to another provider.

The details of the migration process depend on whether current TracFone customers riding on other networks currently have devices that are compatible with Verizon's network. In order to operate on Verizon's network, devices must be capable of receiving 4G HD Voice (VoLTE) and/or 4G LTE data transmitted on the RF frequencies to which Verizon is licensed by the FCC, and must have a Verizon SIM card.⁵² Verizon is continuing to evaluate which current TracFone customers have devices that are compatible with Verizon's network. Verizon has developed and is continuing to refine its general approach to migrating those customers to Verizon's network with minimal friction and retaining as many TracFone customers as possible. This approach will include gradually and naturally transitioning those TracFone customers served by a third party's network and who possess a device that is not compatible with Verizon's network in a manner that will be consistent with customer churn that occurs in the prepaid segment. As a result, Verizon expects that by the end of the [BEGIN CONFIDENTIAL

LAWYERS ONLY]

[END CONFIDENTIAL LAWYERS ONLY]

For customers with devices that Verizon determines are compatible with Verizon's network, Verizon will launch a campaign to swap out SIM cards, which will allow those

⁵² See Verizon Communications Inc. ("Verizon") Response to Cal Advocates Office Data Request - Verizon-SBB-002, at p. 8.

customers to be migrated to Verizon's network if they choose. Verizon anticipates beginning this campaign shortly after the closing.

If Verizon determines that customers are not able to migrate to the Verizon network through SIM swaps because they have incompatible devices, then device upgrades will be needed. Verizon plans to launch a device upgrade campaign. As part of this campaign, Verizon will incentivize customers to migrate to Verizon's network. These incentives may include device and service discounts for customers who upgrade to a device compatible with Verizon's network. Verizon plans to offer these device upgrade incentives [BEGIN CONFIDENTIAL LAWYERS ONLY] [REDACTED]

[REDACTED] [END CONFIDENTIAL LAWYERS ONLY]

Verizon acknowledges that, given the high level of competition for, and customer churn among, prepaid customers, some current TracFone customers will opt to take service from other companies rather than accept promotions to migrate to Verizon's network. That competitive dynamic only strengthens Verizon's motivation to compete to retain those customers with attractive offers and high-quality service, in order to grow Verizon's customer base among value customers.

III. THE TRANSACTION PROMOTES COMPETITION [PAUL VASINGTON]

As discussed above, the Proposed Transaction generates synergies that enhance Verizon's ability and incentive to compete for value conscious prepaid customers. Perhaps most prominently, by bringing owner's economics to TracFone's business, the Proposed Transaction allows Verizon to reach TracFone's existing customers at lower cost, similar to how TracFone's primary competitors do. By eliminating double marginalization the Proposed Transaction gives Verizon the incentive and ability to compete for customers who would otherwise turn to a rival flanker brand or (absent the transaction) likely receive less for their money on account of the

inefficiencies of TracFone’s position as a reseller MVNO. Recognizing the procompetitive benefits of the Proposed Transaction, the U.S. Department of Justice granted Joint Applicants’ request for early termination of the waiting period under the Hart-Scott-Rodino Act months ago.

Given the fierce competition in the prepaid segment, the reality is that the combined Verizon/TracFone will need to *earn* customers’ business, and will be better able to do so than either firm standing alone. The vertically-integrated flanker brands of Verizon’s network rivals—for example, T-Mobile’s MetroPCS and AT&T’s Cricket—enjoy integrated advantages, including lower costs and access to better equipment offerings as discussed above. As a result, these flanker brands have substantially increased their subscriber base in the last several years while standalone reseller TracFone’s subscriber count has declined.

TracFone needs to evolve to compete effectively—TracFone has lost nearly 20 percent of its customers in recent years, and over 350,000 subscribers between 3Q19 and 3Q20 alone.⁵³ Unless it integrates with a network provider as its rivals have, TracFone is likely to continue to struggle to retain and grow subscribers. Meanwhile, as long as this Proposed Transaction remains pending, TracFone is limited in its ability to engage in long-term planning and to challenge its rivals in the prepaid segment through better products and services.

Consumers will benefit from a stronger TracFone that will result from the Proposed Transaction. The Proposed Transaction will better position TracFone to compete on the grounds of value, innovation, product offerings, and service, thereby enhancing the competitive dynamic.

But we do not expect other providers like AT&T and T-Mobile to stand idly by as the combined TracFone/Verizon compete for their prepaid customers. They will certainly fight to

⁵³ América Móvil Q3 2020 Quarterly Report, 26 (Oct. 20, 2020) <https://www.americamovil.com/investors/reports-and-filings/quarterly-results/default.aspx>.

retain their customers and to attract new ones. This competitive dynamic, which the Proposed Transaction will enhance, serves to benefit prepaid consumers.

A. California’s Prepaid Segment is Highly Competitive [Paul Vasington]

Competition for prepaid wireless customers in California is robust. California consumers can choose from many prepaid brands offered by over a dozen providers, including those offered by network operators T-Mobile and AT&T, as well as those offered by numerous MVNO resellers, such as GreatCall (aka “Jitterbug”), MetTel, Ready Wireless, Telispire, Selectel, Working Assets Funding Service, and Ting.⁵⁴ In fact, prepaid customers do exercise their choices, as evidenced by the annual customer churn rate in the prepaid segment of 47.2%.⁵⁵

All of the major MNOs other than Verizon Wireless have substantial prepaid offerings. While California-specific data is not available, nationally, AT&T, T-Mobile, and DISH serve approximately 54% of all prepaid subscribers through their retail brands. In contrast, Verizon Wireless serves less than 5% of prepaid customers nationally through the Verizon Prepaid, Visible, and Yahoo Mobile brands. When MVNO subscribers are attributed to the MNOs on whose networks they ride—the standard methodology for assessing market share—Verizon estimates that AT&T, T-Mobile, and DISH serve approximately 75% of all prepaid subscribers. In California, Verizon Wireless had [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] prepaid customers as of December 31, 2020,⁵⁶ whereas TracFone has approximately [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] prepaid

⁵⁴ VZW_000365.

⁵⁵ *Communications Marketplace Report*, 33 FCC 20-188, at 17, n. 77 (citing CTIA, Wireless Industry Indices Report Year-End 2019 Results (2019), at Appx. C, 14).

⁵⁶ VZW_004659 [Confidential-Lawyers Only] (multi-year comparison of the total number of prepaid customers served by Verizon Prepaid, Visible, and Yahoo Mobile in California and nationally).

customers. Verizon Wireless also has agreements with other MVNOs that generally target different types of prepaid customers than does TracFone.

B. Verizon and TracFone Are Not Close Competitors [Paul Vasington]

As noted above, TracFone today is primarily a Verizon *customer*, a reseller serving value conscious prepaid customers. Without the Proposed Transaction, Verizon does not generally directly target those customers, so Verizon and TracFone are not remotely close competitors and the Proposed Transaction would not result in the loss of significant competition.

Historically, the focus of Verizon's wireless business has been selling to postpaid customers in competition with other postpaid brands from AT&T and T-Mobile. Over 95% of Verizon retail customer connections are postpaid customers.⁵⁷

Verizon has traditionally reached customers outside of its core offerings by selling network access to resellers, like TracFone, who are better able to reach those segments. For example, Verizon does not own an established flanker brand that it can use to attract value customers.⁵⁸ In part, for this reason, Verizon has relied on its contract with TracFone, which reaches those customers via the reseller relationship today. In California, a substantial share of TracFone's customers are served on the Verizon network.⁵⁹ Verizon's share of TracFone's new customers is even greater, with the percentage of new TracFone customers riding Verizon's network growing since 2016.⁶⁰

⁵⁷See Verizon, Annual Report (Form 10-K) (Feb. 35, 2021), http://verizon.api.edgar-online.com/EFX_dll/EdgarPro.dll?FetchFilingHTML1?SessionID=qUfaU8msW6_2rpd&ID=14744806.

⁵⁸ Verizon has "the smallest share of prepaid subscribers among the nationwide service providers." *Communications Marketplace Report*, 33 FCC Rcd at 12571 ¶ 16 (2018), available at <https://docs.fcc.gov/public/attachments/FCC-18-181A1.pdf>.

⁵⁹ Testimony of Eduardo Diaz Corona, CEO of TracFone, dated March 12, 2021, p 3.

⁶⁰ Share of Subscriptions, VZW_001449-001468 [Confidential-Lawyers Only].

CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] since 2017.⁶³

Verizon's Visible brand targets younger "Digital Native" customers through online-only

distribution. It has approximately [BEGIN CONFIDENTIAL] [REDACTED] [END

CONFIDENTIAL] subscribers nationwide and approximately [BEGIN CONFIDENTIAL]

[REDACTED] [END CONFIDENTIAL] in California.⁶⁴ And Verizon's Yahoo brand targets Yahoo's

membership, but has only approximately [BEGIN CONFIDENTIAL] [REDACTED] [END

CONFIDENTIAL] subscribers nationwide and approximately [BEGIN CONFIDENTIAL]

[REDACTED] [END CONFIDENTIAL] in California.⁶⁵

Post-transaction, Verizon will have the incentive and a newly enhanced ability to compete aggressively for prepaid value customers, which otherwise will be lost to rivals' flanker brands where they generate neither wholesale nor retail revenues for Verizon. Further, prepaid customers often migrate to postpaid service at some point in their lives, and bringing TracFone in-house reduces the customer acquisition cost for those subscribers if and when they make the choice to migrate. This creates an even stronger incentive for the combined firm to compete aggressively to attract those consumers, an incentive TracFone does not have on its own because it does not have a postpaid plan to which it could encourage such customers to migrate. Combining these complementary businesses, in a transaction that reduces costs to serve customers, will allow Verizon to more effectively compete and bring value to customers.

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ *Id.*

C. Verizon Remains Motivated To Utilize Other Resellers [Paul Vasington]

Verizon will continue to sell wholesale service to other reseller MVNOs after the Transaction is complete. Verizon will continue to have the incentives to sell wholesale to other resellers because those resellers reach substantially different customers than either Verizon or TracFone do today. Verizon has every reason to continue to use its network to generate revenues from customers neither it nor TracFone would otherwise reach.

[BEGIN CONFIDENTIAL] [REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED] [END CONFIDENTIAL]

Verizon’s ordinary course documents make clear Verizon’s intent and incentive to retain multiple distributors. As Ronan Dunne, CEO of Verizon Consumer Group, explained in a March 2020 presentation, “Notwithstanding our priority, which as you know is Sycamore,⁶⁸ we have the opportunity to tackle this market with different brands in different ways.” And in Verizon’s March 10, 2021, presentation to the investment community, it again expressed its intention to grow its wholesale business.⁶⁹

Verizon’s other reseller partners that offer prepaid service target specific customer groups that are distinct from those TracFone targets. After TracFone, [BEGIN CONFIDENTIAL]

[REDACTED]

⁶⁸ Sycamore is the Verizon internal reference for the TracFone acquisition initiative.

⁶⁹ See <https://www.verizon.com/about/news/verizon-announces-c-band-auction-results>.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [END CONFIDENTIAL]. Verizon’s own retail prepaid brands also target niche segments, such as Verizon Prepaid’s focus on premium customers who want the quality network and service of postpaid offerings without committing to a postpaid plan. By contrast, TracFone primarily targets the broad category of value conscious consumers.

Following the Proposed Transaction, Verizon will continue to partner with resellers that target customers whom it could not otherwise reach in a cost-effective manner. To the extent that other resellers can continue bringing other customers to Verizon than those aligned with TracFone’s offerings, Verizon has every incentive to continue supplying them at competitive price rather than seeing those customers flow to AT&T, T-Mobile, and DISH. Indeed, Verizon has continued to expand network access even after signing this deal with TracFone. For example, Verizon recently expanded its MVNO deals with both Comcast and Charter, ensuring that their customers “have access to the enhanced engineering capabilities that [Verizon has] been delivering.”⁷² The number of Comcast and Charter subscribers in California riding on Verizon’s network has grown substantially in recent years.⁷³ And, notably, other MNOs that

[REDACTED]

⁷² See Mike Dano, *Verizon inks “expanded and extended” MVNO deals with Comcast, Charter*, Light Reading, <https://www.lightreading.com/5g/verizon-inks-expanded-and-extended-mvno-deals-with-comcast-charter/d/d-id/765372> (Nov. 11, 2020).

⁷³ VZW_004658 [Confidential-Lawyers Only] (providing multi-year data on Charter and Comcast customers with California area codes on Verizon’s network).

have acquired flanker prepaid brands continue to do wholesale business with other MVNO resellers.

The Proposed Transaction also will not reduce the number of alternative wholesale network providers available to resellers in California. If any of Verizon's current MVNO partners want to switch after the Proposed Transaction, there are other MNOs—AT&T, T-Mobile, and eventually DISH—to which they can turn for service. Notably, Verizon's other MVNO partners have not intervened in this proceeding, suggesting they too understand that Verizon does not have the incentive to eliminate those wholesale relationships.

And the transaction has no impact on the ability of other resellers to negotiate favorable terms with network providers. As discussed above, network providers have incentives to compete for resellers' business. In fact, if anything, the incentives for AT&T and T-Mobile to compete for resellers is enhanced by the transaction because the network capacity that those providers have used to serve TracFone customers will now be unused to the extent that Verizon is successful in convincing those customers to migrate to Verizon. Although TracFone is the largest reseller today, it does not impact the prices and terms that other resellers get from network providers – MVNO agreements are entirely private between MVNOs and MNOs. This is not like Section 251 and 252 interconnection agreements (“ICAs”) in the regulated telephone business, where agreements are public, and companies are allowed to “opt-in” to previously-filed ICAs. Smaller MVNOs benefit in no way from TracFone's status as an MVNO, and conversely they will not be harmed when TracFone becomes part of Verizon.

IV. OTHER CONSIDERATIONS [PAUL VASINGTON]

The Transaction will have a positive effect on TracFone's employees in California. There are two TracFone employees in California who will move with TracFone to Verizon. Verizon looks forward to welcoming TracFone's employees to the Verizon family. Verizon has been

recognized as one of the top-rated workplaces for compensation and benefits, and TracFone's employees will enjoy Verizon's generous employee benefits package. In addition, Verizon was ranked number one on the new Forbes Corporate Responders ranking list, which assessed how well the country's top employers responded to the COVID-19 public health crisis. TracFone's employees will also benefit from Verizon's well-deserved reputation for workplace diversity and inclusion and its strong commitment to corporate social responsibility.⁷⁴

⁷⁴ See Citizen Verizon, <https://www.verizon.com/about/responsibility> (last visited Mar. 9, 2021).

APPENDIX: QUALIFICATIONS OF WITNESSES

Angie Klein

Angie Klein is Senior Vice President of Consumer Segment Marketing for Verizon. An experienced marketing and sales leader, she is responsible for segmentation, value proposition development and pricing across the consumer postpaid and prepaid mobile businesses, as well as consumer home services including Verizon Fios and 5G Home. In addition to those functions, she leads the innovative Verizon Up loyalty program. She is involved in decisions about business strategy for Verizon's wireless business, including the acquisition of TracFone and planning for the migration of TracFone's customers to Verizon.

Over the course of her 20 year Verizon career, Angie has had numerous leadership roles ranging from product development to call center & retail operations, and from strategic planning to customer experience design. Klein is an expert at value proposition development and competitive strategy, as well as in pricing and business planning. She has a rich background in managing both startup and declining product lines.

Klein holds bachelor's degrees from the University of Nebraska in both business and journalism. She was the recipient of the Nebraska Young Alumni Achievement Award in 2011, and honored as a Nebraska Alumni Master in 2014. In 2015, she was presented with the This Woman Means Business award at the annual Marketing to Women Conference. Klein was selected as a 2016-2017 David Rockefeller Fellow, is a member of the Board of Directors for The Buckle (NYSE: BKE), and also serves on the Lower East Side Girls Club Board of Directors in New York City.

Lynda Ng

Lynda Ng is the Director of System Performance for Verizon. She is an accomplished leader with over 15 years of experience in the telecommunications industry. Lynda oversees the

design, optimization and capacity planning of the 4G and 5G networks in the Northern California areas. Her team builds out the network with macros, small cells and spectrum additions.

Recently, Lynda led her team to launch 5G networks in San Francisco, San Jose and Sacramento. Previously, she worked on network densification plans in San Francisco and led successful efforts to provide network coverage at Super Bowl 50 in San Jose. Lynda is passionate about data analytics and is involved in using data to understand the information and to make decisions. She uses this information to build a great Verizon network.

Lynda holds a bachelor's degree in Electrical Engineering from California State University Fresno. She also has a Master's in Business Administration and a Master's in Engineering from San Jose State University.

Paul Vasington

Paul Vasington is Director - Public Policy for the Verizon companies. In this role he supports Verizon's policy initiatives and advocacy with the FCC and Congress, as well as with state regulators and legislators. He has testified before state utility commissions on previous Verizon merger and acquisition transactions involving MCI, Frontier, and XO. Mr. Vasington joined the Verizon companies in 2005. From September 2003 to February 2005, he was a Vice President at Analysis Group, Inc. Prior to that, from May 2002 to August 2003, he was Chairman of the Massachusetts Department of Telecommunications and Energy ("MDTE") and the Massachusetts Energy Facilities Sitting Board. He also served as a Commissioner at the MDTE from March 1998 to May 2002. From August 1996 to March 1998, he was a Senior Analyst at National Economic Research Associates, Inc. Before that, he served in the Telecommunications Division of the Massachusetts Department of Public Utilities, first as a staff analyst from May 1991 to December 1992 and then as division director from December 1992 to July 1996.

He holds a Bachelor of Arts degree in Political Science from Boston College and a Master's in Public Policy from Harvard University, Kennedy School of Government.